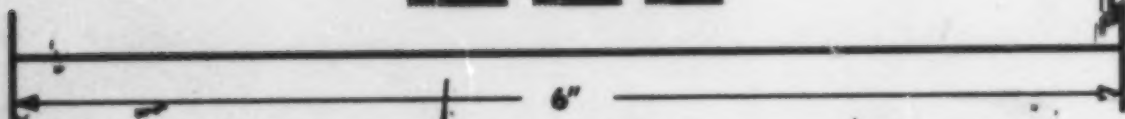
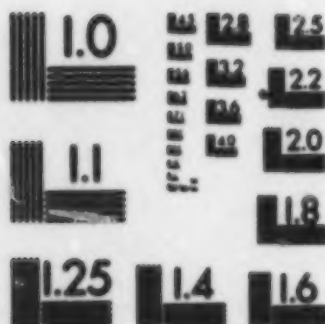
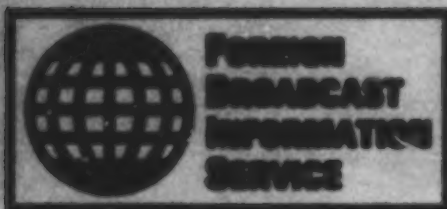


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East Asia

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Tuesday

5 March 1996

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March 1996

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Daily Report

East Asia

FBI-EAS-96-044

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Asian, European Leaders Endorse Proposals for Closer Relations

BK0203133496 Bangkok BANGKOK POST
in English 2 Mar 96 p 8

[Report by Nutsara Thaitawat]

[FBIS Transcribed Text] ASIAN and European leaders yesterday endorsed a host of key proposals to strengthen political and economic cooperation between the two regions beyond the first Asia-Europe Meeting [ASEM] which ends today.

Prime Minister Banhan Sinlapa-acha's proposed Investment Action Plan was also endorsed, said Kopsak Chutikun, director-general of the Economic Affairs Department, Foreign Ministry.

Japanese spokesman Hiroshi Hashimoto said the key proposals were the setting up of an Asia-Europe Association, the convening of an economic ministers' meeting, a businessmen's conference and a student exchange programme.

These proposals are expected to be officially adopted in the chairman's statement to be issued today.

The other key issues of expansion of ASEM and the mechanism for following up the Bangkok meeting were not raised by the leaders yesterday, said Mr Hashimoto.

They will be raised and decided upon today.

Mr Hashimoto said the idea of convening a senior officials' meeting this year on how to promote trade and investment between the two regions was also launched but not discussed in detail by the leaders.

Leaders from the Association of Southeast Asian Nations, plus China, Japan, and South Korea, and their counterparts from the European Union met for one hour yesterday afternoon behind closed doors.

In the morning session following the opening ceremony, they each spoke for three to five minutes about their general positions on the meeting and managed to find some common ground on several issues.

A senior French official said all leaders agreed the momentum created by this first gathering should be maintained but that no new bureaucracy be set up.

All agreed the success of ASEM will be measured by both side's ability to keep the process going.

There was a proposal for concerned ministers to get together in between now and the next ASEM meeting to be held in England, possibly in two years time.

And there is a possibility for a third ASEM to be held in South Korea.

All agreed future cooperation in political and security matters could be enhanced by reforming the United Nations and disarmament, with the priority being placed on the early completion of the comprehensive nuclear test ban.

The Japanese and South Korean leaders talked about security in the Korean peninsula.

In the area of economic cooperation, all leaders reaffirmed that world trade and investment systems should be based on the international rules of the World Trade Organisation and that regional arrangements should not harm outsiders.

Asian and European leaders stressed the importance of the World Trade Organisation and the need to make joint preparation for the ministerial meeting in Singapore.

They also touched on the importance of developing the Mekong sub-region which spans south of China, Burma, Cambodia, Laos, Vietnam and Thailand.

Meanwhile, Japanese Prime Minister Ryutaro Hashimoto called for the European Union to open its markets more.

All leaders touched on human rights, though with differing tones.

Germany's Kohl Urges ASEM To Become Official Forum

BK0303103496 Bangkok THE SUNDAY NATION
in English 3 Mar 96 p A3

[Report by Rita Patiayasewi, Wichit Chaitrong, James Fahn]

[FBIS Transcribed Text] Germany hopes the Asia-Europe Meeting [ASEM] will become an institution similar to APEC [Asia-Pacific Economic Cooperation] and will help coordinate political and economic activities, Chancellor Helmut Kohl said yesterday.

"We would like to institutionalize this cooperation," he said. "This is not to create a bloc but to create a multilateral trading system under the World Trade Organization."

Such an arrangement would complement APEC (the Asia-Pacific Economic Cooperation forum) and existing ties between Europe and North America and complete a triangle of economic linkage, he explained.

"We don't consider other regions as a threat, but believe we can enrich each other," he said. "Asia is a challenge to us."

"It requires a lot of infrastructure projects and has a growing consumer market for our exporters."

Kohl added, "Many differences obviously exist between the regions because of different histories, culture and values. But we have tried to overcome that with a common language. "All parties here tried their level best to overcome differences of opinion to the best possible extent."

Asked whether Germany would seek a permanent seat on the Security Council, Kohl preferred to emphasize the urgent need to reform the United Nations system, a subject which was discussed during the ASEM summit.

The UN was created at an historic moment, but had to be seen in a different light today because new problems had arisen, he said.

"For instance, the role of the Security Council now includes foreign policy and defence, but I have long felt we need a Security Council in charge of the environment, and I mentioned this at [the Earth Summit in] Rio," he said.

Kohl added, however, that "reform must start with paying dues", a reference to several countries, notably the US, which have failed to live up to their budgetary commitments to the UN.

The German chancellor noted that Japan may be more eager to obtain a permanent seat on the Security Council than Germany, which already belonged to other multilateral organizations such as NATO where its voice could be heard.

Kohl also said Germany would continue to participate in the ASEAN Regional Forum (ARF) as a member of the European Union, and had no desire to take part in the forum on its own.

"Germany has a pragmatic stand on this point," he said.

The EU is already a party to the ARF talks and should be consulted about regional security policy.

France and Britain have both stated they intend to apply to join the ARF as individual members.

Chirac: France To Sign Asian Nuclear Treaty 'Soon'

LD0303093796 Paris France-Inter Radio Network in French 0800 GMT 3 Mar 96

[FBIS Translated Text] Jacques Chirac announced at the first Europe-Asia summit in Thailand that France will sign the Southeast Asian denuclearization treaty:

[Begin Chirac recording] France is ready to sign the Bangkok treaty. We simply must solve some technical details with the other nuclear powers — really only technical details — so that we can sign for good. I think this will be done soon. In any case, France will lobby for the Bangkok treaty to be signed. By the way, I would like to remind you that in a few days France will sign a draft of the Rururunga Treaty which sets up a denuclearized area in the South Pacific. This means that we will close down our test sites at Mururoa and Fangataufa. [end recording]

Japan's Hashimoto Leaves Bangkok After ASEM

OW0303042396 Tokyo KYODO in English 0416 GMT 3 Mar 96

[FBIS Transcribed Text] Bangkok, March 3 KYODO — Japanese prime Minister Ryutaro Hashimoto left Bangkok for home on Sunday [3 March] morning after attending the first-ever summit of Asian and European leaders.

In the two-day Asia-Europe Meeting (ASEM), which took place Friday and Saturday, Asian and European leaders agreed to overcome past frictions and forge a new partnership for greater growth.

At its inaugural summit, ASEM brought together for the first time the leaders of China, Japan, South Korea and the seven-member Association of Southeast Asian Nations and their counterparts from the 15 member countries of the European Union.

Japan

Japan: U.S. Complaints of Slow Insurance Deregulation

OW0403141896 Tokyo KYODO in English
1346 GMT 4 Mar 96

[FBIS Transcribed Text] Tokyo, March 4 KYODO — U.S. Government sources accused Japan on Monday [4 March] of failing to take meaningful measures to open its life and nonlife insurance markets.

The sources at the same time expressed strong opposition to deregulation in the "third sector" of health and casualty insurance, where U.S. insurance companies hold a dominant market share.

The sources said it is acceptable to fully open the market for Japanese domestic insurance companies three years after insurance premiums are to be liberalized.

The expressed displeasure over Japan's unilateral decision to liberalize premiums on fire insurance worth more than 30 billion yen in April.

The developments came at ongoing negotiations between the two countries on the liberalization of Japan's insurance market.

Industry sources said it is questionable whether the negotiations will be settled before U.S. President Bill Clinton's scheduled visit to Japan in April as both sides remain far apart.

Japanese insurance companies are kept from entering the third sector insurance market under the existing law.

Japanese life and nonlife insurance companies will be allowed to enter the market through subsidiaries under a revised law which is to be enforced in April.

The 1994 Japan-U.S. accord calls for Japan to delay the entry of major insurance companies into the third sector, a stronghold of foreign insurers.

Japan: Ministry Opposes New U.S. Air Cargo Proposal

OW0503131096 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 2 Mar 96 Morning Edition p 5

[By Yasuhiko Ota in Washington]

[FBIS Translated Text] Both Japan and the United States have made new proposals concerning the air cargo field in Japan-U.S. aviation talks. Thus, it may seem that both sides have taken a step forward in reaching a compromise through exchanges of practical rights while trying to avoid further intensified confrontation in connection with the "beyond right." However, future prospects for consultations remain ambiguous.

By backing up from its demand for "open sky (opening up the aviation market)," the U.S. Government hopes for concessions by the Japanese side. During the initial period of the negotiations, the U.S. Government advocated the "open sky" theory. By making a new proposal for exchanging limited operational rights, the United States seems to have mapped out a scenario for starting substantial consultations, and intends to have the issue settled by President Bill Clinton's scheduled visit to Japan in April.

Right before negotiations, a high-ranking U.S. official stated his real feelings that "among the four economic fields that we have asked Japan to make progress in negotiations, the air cargo issue is the easiest one to settle." It is true that depending on U.S. moves, an accord can be reached. And those officials engaged in the negotiations have also stressed that "we are flexible in our approach."

This flexibility is embodied in the new U.S. proposal. By expanding the operational rights for those airlines that have joined the business later, including Nippon Cargo Airlines (NCA) of Japan and United Parcel Service (UPS) of the United States, the U.S. Government intends to settle the issue in a "cozy" way.

However, pointing out that according to the U.S. proposal, Japan will be given operational rights for "13 flights," while the United States will have "18 flights," the Japanese stated in refutation: "By further expanding the Japan-U.S. imbalance, the proposal runs counter to the objective of 'achieving equity'" (as stated by a source at the Transport Ministry's Civil Aviation Bureau). And Japan has indicated its hard-line stance that "if the United States has no intention of reaching an accord by the deadline set at the end of March, the agreement reached last July will be made void."

And yet, this stance taken by the Japanese has stimulated Federal Express, which joined in the business early on. Therefore, the U.S. Government will be forced to make new coordination at home.

Japan: Hashimoto-Clinton Talks on 'Jusen' Issue Viewed

OW0503043996 Tokyo SHUKAN DAIYAMONDO
in Japanese 9 Mar 96 p 17

[Unattributed article: "The Very Short, 50-Minute Japan-U.S. 'Jusen' Summit That Was Used To Make U.S. Pressure Look Like Support"]

[FBIS Translated Text] It was such bad timing when Prime Minister Ryutaro Hashimoto visited the United States since Japan was in the midst of a public uproar

over the jusen issue. Now that he is back, all we notice are things that only make us shake our heads.

Despite that fact, Hashimoto's visit came about because of his earnest desire "to get acquainted personally" with U.S. President Bill Clinton prior to the latter's planned visit to Japan in April. The summit meeting, with interpreters present, lasted only 50 minutes in itself. It was truly disappointing for such a gala occasion.

A Liberal Democratic Party source has said: "The prime minister was quite nervous about his falling support rate due to the jusen issue. He was eager to get word from the President at the summit meeting that the U.S. Government supports the Japanese Government's jusen disposal scheme." Regarding that all-important jusen issue itself, it is supposed that President Clinton "highly praised Japan's decision" (according to a senior official at the Ministry of Finance [MOF]) by making reference to the U.S. Government's handling of the Mexican currency crisis, saying: "I cannot help but sympathize with the prime minister. Sometimes, we are forced to make unpopular decisions, too." Even Hashimoto himself tried to emphasize that there exists an atmosphere of close cooperation between Japan and the United States, attempting to flatter the United States, which has set an example for Japan regarding ways to handle bad loan problems, by saying: "We intend to tackle the task of promptly rectifying our financial system by using the United States as a good example." If this is really all that was discussed at the meeting, things would be turning out just the way Prime Minister Hashimoto had planned.

However, a source concerned with Japanese-U.S. affairs has said: "Beginning last fall, the U.S. Treasury Department has been applying strong pressure on the MOF, pointing out that it will be necessary to boldly allocate more money from the budget to promptly settle the bad loan problem."

He added: "Of course, the Treasury Department still thinks that 680 billion yen is not enough to settle the problem and seeks a clear explanation of the next step the Japanese Government plans to take. The U.S. Government probably made such a request at the latest summit meeting and is likely to keep mentioning it in the future."

Thus, this is pressure, rather than support from the United States. Considering the relationship between Japan and the United States in terms of power, there seems to be a lot of credibility in this story.

Japan: Okinawa Unhappy With Tokyo Mediation Request on Bases

OW0303005896 Naha OKINAWA TIMES in Japanese
4 Mar 96 Morning Edition p 2

[FBIS Translated Text] The Okinawa Prefectural Government [OPG] is candidly showing displeasure with national government officials calling for the OPG to act as a mediator between the national government and municipal governments on the relocating of the Naha Military Port and Marine Corps Air Station [MCAS] Futenma. The OPG takes the posture that it can take no action unless the national government shows some response to Okinawa's action program for return of U.S. military bases. U.S. President Bill Clinton will visit Japan next month, and some progress may be made on three major topics now under negotiation. At the working-level negotiations with the national government on 5 March, the OPG negotiators will closely question what is the real intention of the government in addition to the demands for noise prevention accords and a revision of the Japan-U.S. Status of Forces Agreement.

In mid-February, a top Defense Agency official told reporters: "I believe (relocating facilities) will have positive effects on the development of the local communities in a broad sense. I hope the OPG will act as a mediator between the national and local governments." At the 20 February session of the lower house budget committee, a government official told Representative Seiji Nakamura (of the New Frontier Party [Shinshintou]) that "the government is asking the OPG to work on municipal governments from an objective and broad-minded viewpoint."

Okinawa Governor Masahide Ota showed displeasure with those remarks by government officials, saying: "An anti-base posture is my campaign pledge, and I do not know why they expect me to work for them."

Vice Governor Masanori Yoshimoto, who is in charge of negotiations with the Defense Facilities Administration Agency and other national government agencies over the bases issue, also said: "The national government has not clarified how long those facilities should stay on Okinawa after relocation — we do not know whether or not the relocation plans are on a permanent basis. The government is asking for our cooperation without any tangible plans to comply with our demand for return of the bases. It appears the government has forgotten who is responsible for preparation of facilities for U.S. forces. Thus, he stated his doubt about the national government's 'mediation request'."

In response to the OPG's long-term action program to promote realignment and scaling down of the U.S.

bases on a step-by-step basis, however, a top Defense Agency official expressed a negative view on the OPG proposal for a complete removal of U.S. bases in the 21st Century, saying "the action program may be contradictory to plans for return of three facilities now under negotiation."

A senior OPG official noted the relocation of some units to Kadena Air Base (KAB) may be brought up in the process of removing MCAS Futenma. He stressed the national government cannot carry on such controversial debates without following the OPG's action program, saying: "The local communities would take flexible attitudes toward such proposals if the return of KAB in 20 years is guaranteed and a satisfactory noise prevention accord is concluded."

Japan: DA Head Says Return of MCAS Futenma 'Difficult'

OW0503012696 Tokyo MAINICHI SHIMBUN
in Japanese 2 Mar 96 Morning Edition p 1

[FBIS Translated Text] On 1 March, Defense Agency Director General Hideo Usui held a news conference at the Maritime Self-Defense Force's Yokosuka District Maritime Headquarters. He was visiting the headquarters for inspection. Concerning the return of U.S. Marine Corps Air Station (MCAS) Futenma, which has become a focal issue in the question of consolidating and reducing U.S. Bases on Okinawa, Usui said: "I am aware that it (the return of the air field) is difficult, because the base is the nucleus of U.S. forward deployed forces. The government has been seeking a solution to the problem." In this way, the director general indicated that it was difficult to comply with Okinawa Prefecture's demand that all facilities at MCAS Futenma be returned.

Japan: U.S. Base Provides Steady Job Opportunities in Japan

962B0029A Tokyo ASAHI SHIMBUN in Japanese
14 Dec 95 p 13

[Unattributed article: "The U.S. Base Commands High 'Jobless Popularity' in Okinawa Where the Jobless Rate is at the Worst Across the Country"]

[FBIS Translated Text] Attention is now focused on the consolidation and reduction of the U.S. military base in Okinawa Prefecture. Although the degree of dependence on it has weakened, the military base there is still an extensive job site where about 7,900 prefectural residents are working. Not a few young people are seeking jobs on the base because of the stern circumstances in which the overall unemployment rate stands at the worst across the country. The sight of an employee (Yasuaki Oshika) whispering that "I might

lose my job" amid the heightening antibase movement also represents a cross section of Okinawa's economy.

"Please present your personal history." The figures of youngsters are conspicuously noticeable in the Prefectural Liaison and Labor Management Office in Naha which serves as a window for the employment of base workers. Fifty resumes are collected daily. Files with their binders carrying such titles as "English License Test Certificate Holders" and "Northern Prefectural Residents" are occupying the shelves of the office. Those resumes are sorted on the basis of speciality and then kept in custody for half a year. During this period, when there are job offers from the U.S. military, the prefectural office recommends about five applicants and sends them for an oral test. When one leaps through a file, one will find in it many U.S. college graduates and women holding the English License Test Semi-Class One qualification. Mr. Tameyuki Takeshima, chief of the office's Labor Affairs Division, says: "Among them are former airplane stewardesses who returned to their hometowns from the mainland."

The job is secure because the Japanese Government pays the salaries, taking over the payment responsibility from the U.S. military. In addition, the benefits are equal to that of the national government employees, such as the two-days-off-a-week system, which is another attraction. In the crowd of applicants are not only fresh graduates but also those seeking to switch jobs from local enterprises.

The prefecture's overall unemployment reached the rate of 7.1 percent in October, and amid this difficulty in finding jobs, the base's job site popularity has risen sharply. One of the base employees says: "The popularity is spreading widely by word of mouth among young people. This is an indication of Okinawa's contradictory reality."

However, there are also growing misgivings about their employment among workers in the face of surging base consolidation and reduction moves. The Okinawa District Headquarters of the All Japan Garrison Forces Labor Union supported by the Social Democratic Party of Japan held a symposium in November to hold such misgivings in check. A voice of self-questioning was raised among young union members saying that "it is contradictory for the union to seek to maintain our employment while calling for the base withdrawal." In response, the executive committee simply said that "it is a hard question."

There is a view among leading prefectural officials that "if returned base sites are redeveloped, equally sufficient employment will be created." However, there is no firm guarantee for that. Some of these officials

express their reliance on the government as Kanetada Kuba, chief of the prefectural government's Liaison and Labor Affairs Division, says: "I hope that the national government which is paying salaries will give adequate considerations to the workers' employment."

The number of job applicants has reached 8,400 in the last half year. Only 630 of them have been employed. Employment is thus a "strait gate" which one out of 13 is allowed to go through.

Japan: Article Views Relocation of Live-Fire Training Ground

OW0503090696 Tokyo YOMIURI SHIMBUN in Japanese 27 Feb 96 Morning Edition p 2

[FBIS Translated Text] Regarding the issue of relocating a training ground for "live-fire exercises over Prefectural Highway 104," which is one of the focal points of the U.S. military bases on Okinawa issue, to mainland Japan, a survey YOMIURI SHIMBUN conducted until 26 February disclosed that assemblies of 28 prefectures, cities, towns, and villages — where proposed training grounds are located — had adopted, among other things, resolutions against accepting the exercises. Other assemblies are also planning to adopt similar resolutions during their March sessions. In addition, Hokkaido Governor Tatsuya Hori and many leaders of other autonomies expressed their opposition to the plan to relocate the training site. Some government officials are beginning to express their views, saying that "it is difficult to get down to work on the relocation plan until the people's anxiety about U.S. soldiers is eased" (according to a Defense Agency [DA] source).

Currently, special working groups of the Japanese and U.S. Governments are studying the possibility of relocating the live-fire exercise sites to major training grounds selected from nine training grounds, including Fuji (in Shizuoka and Yamanashi Prefectures) and Hijudai (in Oita Prefecture). They will make a decision by the summer of 1996. Higashifuji district of Fuji training ground is a temporary facility, which the U.S. Forces use on the basis of the Japan-U.S. State of Forces Agreement. The U.S. Marine Corps stationed in Okinawa and other military groups conduct training there over 200 days a year. This is the training ground the United States has been strongly demanding to use as a new location for the live-fire exercises. While saying that "we cannot accept a further increase of our burden," Gotenba city, where the Fuji training ground is located, is showing its stand of partially accepting the relocation plan within the "framework that the facility will be used temporarily." However, city assemblies, landowners, and other peoples concerned have not changed their fundamental policy. They are saying

that "we demand complete withdrawal of the U.S. military facilities (adjacent to the Fuji training ground)." In January this year, Shizuoka Governor Yoshinobu Ishikawa informed Masuo Morotomi, director general of the Defense Facilities Administration Agency, of his intention saying that he is against the relocation plan. In this way, intentions of the local cities and towns are different from each other.

Although the Gotenba assembly is not taking any action, Yamanashi Prefecture is careful about accepting the idea of using Kitafuji district of Fuji training ground as a live-fire exercise site.

People who live around Hijudai and Ojojibara training grounds (in Miyagi Prefecture), where the U.S. Forces seized land after the war, are strongly opposed to the relocation plan, saying that relocation of the training site "can be linked to allowing U.S. soldiers to stay here again."

Regarding live-fire exercises, the DA stressed: "The reality is that they are not different from the Japan-U.S. joint training held at various training grounds." The DA plans to seek understanding from local autonomies, which will accept live-fire exercises, by explaining that 1) the exercises will be held at several training grounds and 2) training will last for about several days at a time. At the same time, the DA will also explain a plan to increase, among other things, the budget for dealing with base issues while showing measures designed to ease local residents' burdens. Keeping in mind a general election and local elections, however, some ruling parties members are saying that "candidates, who are against the plan, may gain an advantage over those who approve it" (according to a Liberal Democratic Party lawmaker). It is likely that such a concern will have some impact on procedures needed for relocating live-fire training grounds.

Japan: Foreign Minister Condemns Bus Bombing in Israel

OW0403141796 Tokyo KYODO in English 1359 GMT 4 Mar 96

[FBIS Transcribed Text] Tokyo, March 4 KYODO — Japan "deeply deplores" Sunday's [3 March] bomb attack in which 19 people died on a bus in Jerusalem, Foreign Minister Yukihiko Ikeda said Monday.

In a statement which also said the attack had "enraged" Japan, Ikeda urged the government of Israel and the Palestinian authorities to "take determined measures."

"The Middle East peace process is now at an important stage where negotiations for the permanent status of the interim self-rule areas are expected to start in May and

the general elections in Israel at the end of that month," the statement said.

"Japan strongly hopes that those concerned in the peace process will not halt or retreat from their efforts for peace in submission to heinous terrorist acts," it said.

The militant Islamic group Hamas has claimed responsibility for the deadly blast, as well as two other recent bombings.

Japan: MOFA Spokesman on Northern Ireland Accord

OW0403095496 (Internet) Japanese Ministry of Foreign Affairs (MOFA) WWW in English 4 Mar 96

[Statement by the Press Secretary on the Announcement of the Joint Communiqué by the British and Irish Governments on the Northern Ireland Problem" dated 29 February 1996; from the "What's New!" link]

[FBIS Transcribed Text] 1. Japan, which has maintained its position of hoping for a peaceful solution to the Northern Ireland problem, welcomes the fact that, on February 28 (London time), an important agreement was achieved between the British and the Irish Governments on this problem, including the setting of a starting date for all-party negotiations, by the efforts of the Prime Ministers John Major and John Bruton.

2. It is regrettable that several terrorist bomb incidents have occurred since the IRA (Irish Republican Army) declared an ending of its ceasefire on February 9, and Japan reiterates its firm opposition to such terrorist attacks. Japan values the fact that the present agreement between the British and Irish Governments has improved the environment for peace, and expects that progress will be made toward a peaceful settlement of the Northern Ireland problem by the efforts of all the parties concerned.

Japan: MOFA Spokesman on Cuba, Korea, ASEM
OW0403140696 (Internet) Japan Ministry of Foreign Affairs (MOFA) WWW in English 1 Mar 96

[News conference by Japanese Foreign Ministry acting spokesman Ken Shimanouchi with unidentified reporters on 1 March; place not given; from the "Foreign Policies, Press Conference" link]

[FBIS Transcribed Text] [Topics of Discussion] I. Downing of two civil aircraft of the United States by the Republic of Cuba II. Pan-Republic of Korea bilateral meeting at the Asia-Europe Meeting (ASEM) in Bangkok III. Japan's position regarding the situation in North Korea IV. Japan's position on the use of economic sanctions as an instrument of diplomacy V. Membership similarities between the Asia-Europe

Meeting (ASEM) and East Asian Economic Caucus (EAEC)

I. Downing of Two Civil Aircraft of the United States by the Republic of Cuba

Acting Foreign Ministry spokesman Ken Shimanouchi: Good afternoon, ladies and gentlemen. Last Tuesday, Press Secretary and Director-General for Press and Public Relations Hiroshi Hashimoto of the Ministry of Foreign Affairs made an official statement regarding this matter. However, in light of subsequent developments, I would like to make a few additional comments regarding this incident. As you are aware, on 27 February, the President of the United Nations Security Council issued a statement requesting the International Civil Aviation Organization (ICAO) to investigate this incident. This matter will be discussed in the ICAO council meeting which will start today, 1 March, in Montreal. The Government of Japan hopes that the facts are brought to light by the ICAO investigation as soon as possible. We also hope that the parties exercise restraint, so as not to aggravate regional tensions caused by the incident. Japan's position on the incident is very clear. It was stated by Press Secretary Hashimoto on Tuesday, 27 February. We believe that the shooting down of unarmed, defenseless civil aircraft cannot be condoned under any circumstances. We basically share the views contained in the United Nations Security Council Presidential Statement which strongly deplored the downing of the aircraft.

That is the announcement that I wanted to make and I will be delighted to respond to any questions that you might have.

Q: Regarding this Cuban incident, as far as I read the situation, there have obviously been some violations of internationally established procedures on the part of the Cuban Air Force jets. You have called for restraint on these parties, etc., but the United States is imposing stricter sanctions on Cuba. In that respect, does Japan have any plans to make its sanctions stricter or complain to the Cuban diplomats here? Any disciplinary actions, so to speak?

A: The question of economic sanctions, in our view, is a bilateral matter between the United States and Cuba. Our position on the downing of the planes is as I have stated.

Q: But, does Japan have any plans to take similar actions vis-a-vis Cuba?

A: I think we have said what we have in public, and they are very well aware of what the Japanese position is.

Q: Well, I am not well aware if Japan is taking stronger actions with substance, other than delivering statements.

A: If the question is whether Japan has, at the present moment, any plans to impose sanctions on Cuba, on its own, without any United Nations resolution, then the answer to that would be no.

Q: Do you see any chances that the ASEM in Bangkok may bring up this subject?

A: The Asia-Europe Meeting (ASEM) — for your information, I think there is a consensus to call this meeting "ah-sem," not "eh-sem." I used to call it "eh-sem" myself, but I found out when I went to Phuket with Minister for Foreign Affairs Yukihiko Ikeda that everybody there was calling it "ah-sem." I almost forgot your question. Of course the participants in the Meeting are free to discuss whatever they wish. There is no restriction on the subjects to be discussed in the meeting. However, this is a meeting between Asian countries and European countries, and the purpose of the Meeting is to establish dialogue, a new partnership, between Asia and Europe. And, the two parties in this incident — the downing of the planes — are not present in Bangkok. My personal guess is it is very unlikely that this will be discussed in the Bangkok Meeting.

II. Japan-Republic of Korea Bilateral Meeting at the Asia-Europe Meeting (ASEM) in Bangkok

Q: Tomorrow, Prime Minister Hashimoto is going to meet President Kim of the Republic of Korea. Would you tell us how long they are going to meet and what they are expected to talk about?

A: Yes, I would be very glad to. The meeting will take place tomorrow afternoon on 2 March. It will last for about an hour. There is no fixed agenda. The two leaders will discuss whatever they consider important. The substance of the meeting is entirely up to the two leaders. Our guess is that the bilateral relationship between Japan and the Republic of Korea in general will be taken up, and also the situation on the Korean Peninsula will be discussed.

Q: The bilateral relations in general between Japan and the Republic of Korea, and the situation on the Korean Peninsula, obviously are important subjects, but at the same time, the former one, the bilateral relations involving the issue of Takeshima Island — what kind of exchange do you expect between the two leaders on this specific issue?

A: I do not want to speculate on the contents of a meeting which has not taken place yet. We will be providing a full read-out of the meeting to the press as soon as it is over. But, regarding the question of

Takeshima, Japan has maintained a consistent position on the subject of Takeshima. At the same time, we strongly believe that differences over this issue should not undermine the friendly and cooperative ties between Japan and the Republic of Korea. We consider the good ties between the two countries to be of vital importance to the two countries, and to the stability of northeast Asia. Japan and the Republic of Korea share common values and interests. Japan values this relationship. That is our basic position regarding our bilateral ties with the Republic of Korea. While I do not know what Prime Minister Hashimoto will say regarding the bilateral relationship, I do think whatever he says will be along the lines of this basic position.

Q: Is this summit to be held just by two or is, for example, Mr. Ikeda going to attend?

A: I do not know.

III. Japan's Position Regarding the Situation in North Korea

Q: What about this situation in Korea? It appears that the interpretation of the situation in North Korea has been slightly changing. Now, the Japanese Government seems to evaluate the situation as more fluid, or on the brink of further trouble in North Korea. What do you think of that?

A: Japan's views on the situation in North Korea were stated by Press Secretary Hashimoto in the briefing held on Tuesday. I think you were there.

Q: Yes. That is why I asked the question.

A: So, I will not answer the question, because whatever I say will be the same as what he said.

Q: It appears to have slightly changed from the earlier official view of the Foreign Minister. Earlier, you were saying that they are facing a shortage of energy and food, but it does not directly mean famine. Now, Press Secretary Hashimoto sounds like he is implicating that the real very early signs of collapse may be visible or something.

A: I do not think he said that. I read the transcript and I am sure he did not say that. My briefing paper, which is the same as the one he used, does not say that North Korea is on the verge of collapse. I think it is widely believed that Secretary Kim Chong-il of North Korea is at the helm of Government and exercising leadership. However, there are serious problems in North Korea, such as shortages of food and energy, and we have to keep a close eye on the situation there. That has been, more or less, the position that we have been taking all long. There have always been diverse views on the

situation in North Korea. Actual information on what is going on in North Korea is hard to come by. In any case, we need to follow the situation very closely.

IV. Japan's Position on the Use of Economic Sanctions as an Instrument of Diplomacy

Q: I would like to know what Japan's basic position is on economic sanctions as an instrument of diplomacy, not only procurement, but the basics.

A: That is a very difficult question to answer in general terms. We cannot say that we are opposed to economic sanctions, because there are a number of cases in which we have gone along with economic sanctions imposed by the United Nations. Let me turn to Japanese Official Development Assistance (ODA). I think you are well aware of Japan's DA Charter — the Four Principles. The ODA Charter requires the government to take a close look at trends in the development of weapons of mass destruction, military spending, and also developments in democratization, human rights, and market-oriented reform. In any case, we do not apply these criteria automatically. For example, if a situation occurs in a country which needs to be looked at very closely in light of the ODA Charter — let us say negative developments in human rights, for example — we do not cut assistance to that country automatically. We look at trends. We talk to these countries and encourage them to take steps to restore a more democratic situation in that country. If such efforts through dialogue fail, as a last resort, we might consider the suspension of aid to that country — but only as a last resort. We look at trends and the overall bilateral relationship with that country.

V. Membership Similarities Between the Asia-Europe Meeting (ASEM) and East Asian Economic Caucus (EAEC)

Q: At yesterday's ASEM, Japanese, Chinese, and South Korean leaders met in Bangkok. Can that meeting be regarded as the beginning of a Malaysian EAEC?

A: The answer to that is NO, in bold letters. It is pure coincidence that the membership is the same as the proposed East Asian Economic Caucus (EAEC). As you know, the possibility of expanding membership on the Asian side of the ASEM is now being considered. Thank you very much.

Japan: Hashimoto, PRC's Li Peng Discuss Taiwan Issue

BK0203142996 Bangkok Thai Color Television
Channel 9 in Thai 1200 GMT 2 Mar 96

[FBIS Translated Text] Japan has called on China to resolve its conflict with Taiwan through peaceful means.

Japanese Prime Minister Ryutaro Hashimoto made the appeal during his unofficial meeting with Chinese Prime Minister Li Peng. It was reported that Li Peng had asked Japan not to allow Taiwanese President Li Teng-hui to visit Japan. China, which regards Taiwan as its province although the latter has been trying to seek independence since 1949, has accused the Taiwanese president of trying to campaign for Taiwan's independence.

The talks between the two leaders proceeded in a cordial atmosphere. Both sides stressed the need for efforts to strengthen bilateral relations.

The Japanese prime minister said that relations between the two countries are vital for peace and stability in Asia-Pacific in the next century.

Japan: Hashimoto, Kim Hold Territorial Talks in Bangkok

OW0503074796 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 3 Mar 96 Morning Edition p 2

[By Katsuyuki Nakagawauchi]

[FBIS Translated Text] Bangkok, 2 Mar — Relations between Japan and the ROK have been strained due to the issue of territorial rights over Takeshima Island. However, since an accord on separating the territorial issue from the fishery issue was reached at the summit talks held in Bangkok on 2 March, bilateral relations have, for the time being, been moving toward restoration. It has been decided that it is necessary to avoid the situation in which the bilateral relations should become further deteriorated because of the territorial issue on which compromises can be expected from the neither side. In addition, since the situation in the DPRK (North Korea) has become more ambiguous than before, "both Japan and the ROK share common interests in security issues" they must have decided on taking concerted actions. However, since the confrontation over territorial rights to Takeshima has not been settled, it remains ambiguous as to whether the talks on the new fishery agreement could be pushed forward smoothly.

"If we should stick too much to the territorial issue, no discussions could be held on other important issues. In one way or another, we must try to avert such a situation. If we could avert it, it will be the best." This is what Prime Minister Ryutaro Hashimoto stated to reporters on the government's special aircraft on his way from Haneda to Bangkok. In this way, he stated his intention to restore the Japan-ROK relations through summit talks.

And at the summit talks, Hashimoto did everything he could to create a friendly atmosphere, and made the following appeals: "Despite various issues pending

between Japan and the ROK, let us build a bridge between our two countries through talks." "Even if not all gaps could be filled, we could build a solid bridge through cooperation." Since there were worries about whether or not the summit talks could be conducted even right before the actual summit talks, the prime minister must have been all the more determined to break the deadlock in Japan-ROK relations.

The prime minister has devoted himself intensely to restoring relations because of the instability in North Korea's situation. Within both the Japanese and U.S. governments, there suddenly surfaced an observation that "The North Korean system had already entered a process of mid- or long-term collapse" based on the facts that North Korea's economic crisis has become intensified and cases defection among the "privileged classes" have been reported repeatedly. If Japan-ROK relations should get bogged deeper in the mud under such circumstances, the Japan-U.S.-ROK cooperative framework in connection with the policy toward North Korea would be impaired, and there will be a fear that in case of an emergency involving North Korea, "no appropriate actions could be taken," (as stated by a senior official of the Ministry of Foreign Affairs.)

The prime minister is seriously concerned about such a situation. It can be said that in seeking a way to achieve an early restoration of the Japan-ROK relations, the prime minister has actually shelved the territorial issue by separating the Takeshima issue from the fishery issue. The ROK side is well aware of this point. The current Japan-ROK summit talks have actually proved that "no matter how deteriorated are the relations between Japan and the ROK, which share common interests in security in connection with North Korea, the framework will naturally be remedied in accordance with the situation in North Korea," (as stated by an official who accompanied the prime minister on his visit to Bangkok).

Moreover, the prime minister must have concluded that "management of state affairs will become seriously difficult" if in foreign affairs, the administration should have to deal with deteriorated relations with the ROK, while in domestic affairs, the administration is taken up with the *juken* (housing loan companies) issue.

Japan: KEDO Official Says Project To Start Around Autumn

OW0503091096 Tokyo NHK General Television Network in Japanese 0309 GMT 2 Mar 96

[Announcer-read report; from "NHK News" program]

[FBIS Translated Text] Speaking about the supply of light water reactors to North Korea during a Washing-

ton lecture on 1 March, Director General Bosworse [as heard] of the Korean Peninsular Development Organization [KEDO] indicated an intention of starting the construction of the light water reactors around this autumn.

In the lecture, Director General Bosworse said that negotiations on concluding a contract on the supply of reactors between the South Korean public electric corporation, which is to supply light water reactors, and KEDO are under way, saying he wants to obtain a rough estimate for the construction by summer so that nations which are to provide funds can be ready for the construction. In this way, he indicated his view that an estimate for the project which is said to cost \$5 billion will be formed by this summer.

Moreover, the director general said that an official decision on Sinpo District in the northeast of North Korea as a site for the construction will be made in several months. This indicates hopes to start the project by autumn after residents in Sinpo have moved into another place.

He also said that since negotiations on types of reactors had a hard time, the project is one year behind the schedule.

Japan: MOFA-Affiliated Group Sending Mission to DPRK

OW0503085896 Tokyo TOKYO SHIMBUN in Japanese 28 Feb 96 Morning Edition p 3

[FBIS Translated Text] The Japan Institute on International Affairs (with Nobuo Matsunaga as president and concurrently director) [JIIA], an organization affiliated to the Ministry of Foreign Affairs [MOFA], has decided on sending a mission to the DPRK (North Korea) in March. This was disclosed by a MOFA source on 27 February, and this will be the first mission to North Korea sent by MOFA-affiliated organizations. There is a great possibility that the mission's visit may become the first step in expanding exchanges between Japan and North Korea.

The mission will be headed by JIIA Acting Director Shinya Nagai, an official on loan from the MOFA, and composed of four to five members, including experts from the private sector. As far as the JIIA is concerned, the most important objective of the dispatch lies in grasping North Korea's economic situation.

JIIA received an invitation from the Disarmament and Peace Institute, an organization directly under the DPRK Foreign Ministry, through the General Association of Korean Residents in Japan [Chongnyon] last December. After consulting with the MOFA and after studying

measures to be taken, the JIIA has finally decided on accepting North Korea's invitation.

Tokyo Sending Envoy to Portuguese Presidential Inauguration

OW0503034696 Tokyo KYODO in English
0212 GMT 5 Mar 96

[FBIS Transcribed Text] Tokyo, March 5 KYODO — Japan decided Tuesday [5 March] to send a special envoy to Portugal for the inauguration ceremony of its new president, government officials said.

Masakuni Murakami, secretary general in the House of Councillors of the Liberal Democratic Party, the largest party in the three-party ruling coalition, will attend the ceremony to be held in Lisbon on Saturday, the officials said.

Jorge Fernando Branco de Sampaio was chosen as Portugal's next president in the Jan. 14 election.

Japan: Minister Promises 'Utmost Support' for Manila Chairing APEC

OW0103161696 Tokyo KYODO in English
1537 GMT 1 Mar 96

[FBIS Transcribed Text] Bangkok, March 1 KYODO — Japanese International Trade and Industry Minister Shumpei Tsukahara said Friday [1 March] that Japan fully supports the Philippines in chairing this year's top-level meetings of the Asia-Pacific Economic Cooperation (APEC) forum.

"We will throw our utmost support," a Japanese official quoted Tsukahara as saying when he met with Philippine Trade and Industry Secretary Rizalino Navarro, who sought Tokyo's help in successfully concluding this year's APEC talks to be hosted by Manila.

Navarro also called on Japan to improve its market access to some farm products such as papayas and bananas — the Philippines' main exporting products, the official said.

Tsukahara replied he will relay the request to the Japanese authorities concerned.

Japan: Thai Minister Seeks Aid for Mekong River Projects

OW0103171296 Tokyo KYODO in English
1549 GMT 1 Mar 96

[FBIS Transcribed Text] Bangkok, March 1 KYODO — Thailand's Deputy Prime Minister Annuai Wirawan sought Japan's cooperation Friday [1 March] in pushing for economic development projects around the Mekong River, Japanese officials said.

Annuai made the pitch in a talk with Japanese International Trade and Industry Minister Shumpei Tsukahara, the officials said.

Tsukahara replied that Japan is willing to do all it can to help improve the infrastructure in Indochinese areas, the official said.

The two did not go into further details, the official said.

Japan: Colombia Orders Phone Network Project From NEC

OW0403111596 Tokyo KYODO in English
1043 GMT 4 Mar 96

[FBIS Transcribed Text] Tokyo, March 4 KYODO — Colombia's state-run telecommunications company has placed an order with NEC Corp. and three other Japanese companies for a telephone network system to cover its capital of Santa Fe de Bogota, the companies said Monday [4 March].

The agreement between the Empresa Nacional de Telecomunicaciones (Telecom) and NEC, Sumitomo Corp., Nissho Iwai Corp. and Mitsui and Co. calls for building a web of 110,000 telephone circuits, combined with a switch and other necessary facilities, they said.

Under the build and transfer arrangement, the four companies will collect payments over a span of six years by receiving a certain preset percentage of operating revenues which Telecom earns by charging Colombian telephone subscribers who will use the new web, they said.

After the completion of the six-year period, the four firms will hand over the ownership of the network facilities to Telecom, they said. The four will share evenly an overall capital outlay of 10 billion yen for the new facility, they said.

Japan: Hashimoto Says Coalition To Push Through 'Jusen' Plan

OW0303041996 Tokyo KYODO in English
0359 GMT 3 Mar 96

[FBIS Transcribed Text] Bangkok, March 3 KYODO — Japanese Prime Minister Ryutaro Hashimoto said Sunday [3 March] that within this week, the ruling coalition will push through the Diet Japan's fiscal 1996 budget, which includes the use of a huge amount of taxpayers' money to liquidate failed housing loan companies, or "jusen."

After attending the first-ever summit of Asian and European leaders, Hashimoto told reporters at a Bangkok hotel that he has no choice but to enact the budget bills

because the opposition has not provided any alternative to the liquidation scheme.

"Unfortunately, no alternative plan has yet been put forward which would not involve public funds," Hashimoto said. "We cannot choose to omit (the use of) public funds (from the budget bills)."

The ruling coalition led by Hashimoto has faced tough questioning in the Diet about the scheme to use at least 685 billion yen in taxpayers' money for liquidating seven insolvent housing loan firms, which are saddled with heavy bad debts caused by the burst of Japan's "bubble" economy in the early 1990s.

But Hashimoto, head of the Liberal Democratic Party, denied he is thinking of dissolving the House of Representatives for a snap general election.

Noting the mounting public frustration over the proposed use of public funds for the *jusen* plan, the premier said he will speak directly to the Japanese people by holding a press conference at an appropriate opportunity.

Hashimoto reiterated that he will seek to have the commercial banks that founded the *jusen* accept larger financial liabilities for the mess, and he will try to make other financial bodies accept responsibility for the consequences of their introducing questionable loans to the insolvent mortgage companies.

Back in Tokyo, Hashimoto is scheduled to meet the other leaders of the coalition — Tomiichi Murayama of the Social Democratic Party and Masayoshi Takemura of New Party Sakigake [Harbinger] — to give their final approval to the plan to ask the founding banks and other institutions to accept more responsibility for settling the *jusen* issue.

But Hashimoto said the meeting will not be held Sunday, suggesting that coalition officials have not yet decided the full details of what the banks and others should be expected to take on.

Japan: Source Denies Possible Freeze of 'Jusen' Disposal Scheme

OW0503134496 Tokyo NIHON KEIZAI SHIMBUN in Japanese 1 Mar 96 Morning Edition p 2

[By Katsuyuki Nakakawauchi]

[FBIS Translated Text] Bangkok, 29 Feb — On the evening of 29 February, a source accompanying Prime Minister Ryutaro Hashimoto, who is currently visiting Bangkok, touched on the fact that calls have surfaced within the Liberal Democratic Party (LDP) for freezing the plan to use public funds to liquidate housing mortgage companies [*jusen*]. He strongly opposed the

demand, and said: "The *jusen* disposal plan under the draft budget program will be approved as it is. The prime minister has not moved at all."

The same source listed the following as reasons for not canceling the appropriation of public funds: 1) If the program is shelved at this stage, it will severely harm Japanese financial institutions' international reliability, and will adversely impact on stock prices and the economic situation; 2) if their business performance worsens due to their deteriorated credence, Japanese banking facilities, which hold over 10 percent of the U.S. Government's bonds, are quite likely to sell them; and 3) if that happens, the U.S. interest rate will rise, adversely influencing the U.S. economic situation, as well as creating a situation unbearable to the Clinton administration, which is about to face a presidential election. He stressed that the government cannot accept the demand for the freeze also in view of Japan-U.S. relations.

In addition, he criticized: "Some LDP members have sought the freeze in view of the immediate future. It is the ill effect of the single-seat constituency system that forces politicians to attach excessive importance to elections."

Japan: Murayama Seeks Early Passage of FY96 Budget

OW0203132596 Tokyo KYODO in English 1131 GMT 2 Mar 96

[FBIS Transcribed Text] Nagano, Japan, March 2 KY-ODO — Former Prime Minister Tomiichi Murayama called Saturday [2 March] for early passage of the fiscal 1996 budget containing a 685 billion yen appropriation to liquidate moribund housing loan companies.

"In light of economic trends, we should try to win an early passage" of the new fiscal year budget, Murayama said at a news conference in Nagano.

The Social Democratic Party (SDP), of which Murayama is chairman, and its two coalition partners — Prime Minister Ryutaro Hashimoto's Liberal Democratic Party and former Finance Minister Masayoshi Takemura's New Party Sakigake [Harbinger] — are considering ramming the budget program through the Diet at an early date.

Murayama questioned if it is appropriate for parliament to summon LDP secretary general Koichi Kato to testify over a 10 million yen donation from a then vice president of Kyowa, a bankrupt steelframe maker, in 1990.

The former Kyowa executive is serving a jail term on a bribery conviction.

Japan: Coalition Sets Budget Vote for 5 Mar
OW0503012896 Tokyo KYODO in English
0012 GMT 5 Mar 96

[FBIS Transcribed Text] Tokyo, March 5 KYODO — The ruling three-party coalition plans to hold a vote on the fiscal 1996 draft budget at a plenary session of the House of Representatives Tuesday (5 March) after it finalized measures earlier that morning to resolve the issue of seven failed housing loan companies, or "jusen," coalition officials said.

Prior to the lower house passage of the budget, the coalition needs to pass the plan at the lower house budget committee.

Scores of legislators from the main opposition Shinshinto (New Frontier Party) continued picketing the lower house budget committee overnight in a bid to prevent the panel from voting on the draft budget, which includes a controversial provision to earmark 685 billion yen in taxpayers' money for the jusen liquidation scheme.

The coalition plans to propose a meeting of the heads of diet affairs committees of ruling and opposition parties for panel voting, the officials said. The coalition believes the additional measures have paved the way for Diet passage of the 1996 budget, they said.

But early Tuesday morning, Takashi Yonezawa, secretary general of Shinshinto, said the coalition's additional measures are "an attempt to deceive the eyes of the people."

The coalition — the Liberal Democratic Party (LDP), the Social Democratic Party (SDP) and the New Party Sakigake [Harbinger] — is ready to push ahead the fiscal 1996 budget, without revising the use of taxpayers' money in the jusen liquidation scheme, the officials said.

The coalition's new "jusen measures" include having the founder banks of the moribund mortgage firms and agricultural institutions, big lenders to the jusen, pay another 500 billion yen and 180 billion yen respectively into the liquidation scheme.

Under the additional measures, the founder banks are asked to restructure their organizations over a five-year period to produce about 1 trillion yen in profits, with about 500 billion yen of the sum going into the national coffers in the form of tax payments.

In order to win public support for the liquidation plan, an ad hoc committee in the lower house will be established to investigate questions of responsibility in the jusen fiasco.

The measures also call for restricting the practice of allowing high-ranking government officials to take top posts in private companies they once regulated after they retire from government service. The measure will also promote reforms on financial administration.

Japan: Ruling Coalition Agrees on Additional 'Jusen' Measures
OW0503074296 Tokyo KYODO in English
0648 GMT 5 Mar 96

[FBIS Transcribed Text] Tokyo, March 5 KYODO — The ruling coalition agreed Tuesday (5 March) to increase contributions from financial institutions in the liquidation of seven debt-ridden housing loan companies, paving the way for the passage of the 75.1 trillion yen fiscal 1996 budget through the House of Representative later in the day.

The government accepted a package of additional measures in the liquidation of such companies, known as "jusen," which was worked out by the three ruling parties, a government spokesman said.

The plan aims to eventually compensate for the planned use of 685 billion yen in taxpayers' money in fiscal 1996, beginning April 1, Deputy Chief Cabinet Secretary Kazo Watanabe told a press conference.

The additional measures urges jusen founder banks and agricultural institutions — big lenders to the moribund companies — to contribute more to the liquidation scheme.

These founder banks and farm institutions will be asked to restructure their organizations and streamline their management in order to create some 1 trillion yen in profit over seven years, with a total of about 680 billion yen going to the state in the form of increased corporate taxes.

Leaders and executives from the government and the three ruling parties — the Liberal Democratic Party (LDP), the Social Democratic Party (SDP) and New Party Sakigake — reached the accord in a meeting Tuesday afternoon.

They also confirmed their determination to win the swift passage of the fiscal 1996 budget, including the use of 685 billion yen for jusen, Watanabe said.

The new measures also call for restricting the practice of allowing high-ranking finance ministry officials to take top posts in private companies they once regulated.

Following the agreement on the additional measures, the coalition was poised to pass the budget through the house of representative.

Meanwhile, members of the main opposition Shinshinto (New Frontier Party) continued to block the two entrances to the lower house's Budget Committee room as they had done since Monday morning, preventing the panel from convening and voting on the draft budget.

Shinshinto has demanded the government remove the 685 billion yen provision from the budget.

Takaishi Yonezawa, secretary general of Shinshinto, said the coalition's additional measures are "an attempt to deceive the people."

Kosuke Uehara, chairman of the Budget Committee, met speaker Takako Doi in the morning to try to get Diet business back to a normal state.

Doi turned down a suggestion from some coalition lawmakers that the scores of Shinshinto legislators blocking entry to the committee room should be removed by Diet guards, urging the coalition to continue efforts to break the impasse through dialogue.

Outside the Diet building, citizens' groups and labor union members are staging a sit-in protest against the planned use of taxpayers' money for the liquidation plan.

Japan: Opposition, Citizens Rally Against 'Jusen' Scheme

OW0403103796 Tokyo KYODO in English
0943 GMT 4 Mar 96

[FBIS Transcribed Text] Tokyo, March 4 KYODO — The opposition and citizens' groups staged rallies in the capital Monday [4 March] in protest against a government scheme to use 685 billion yen in taxpayers' money to help liquidate seven crippled mortgage firms, or "jusen."

The development came amid an attempt by the ruling coalition to ram the fiscal 1996 state budget, which includes the use of public money for the jusen, through the House of Representatives Budget Committee with no amendments.

The main opposition party Shinshinto (New Frontier Party) held a rally involving about 6,500 people at the Nippon Budokan, an arena in central Tokyo, and staged a street parade toward the Diet building where its members have picketed the lower house budget committee since early morning to prevent the panel from voting on the fiscal 1996 budget.

Speaking at the rally, Shinshinto Secretary General Takaishi Yonezawa accused the government of ignoring public opinion on the jusen plan by trying to push the budget through the lower house panel.

"Public anger is spreading like wildfire... We'll stay overnight in the Diet and monitor any action (by the ruling coalition)," Yonezawa said, referring to the sit-in protest by Shinshinto lawmakers within the Diet.

One participant — Eri Watanabe, a 21-year-old woman from Funabashi, Chiba Prefecture — said, "It's a stupid idea to use taxpayers' money which is the easiest source of money."

Senior Shinshinto leader Tsutomu Hata, a former prime minister, speaking to reporters after visiting Shinshinto lawmakers taking part in the sit-in, said there was no alternative to pressing the coalition to answer Shinshinto's proposal to delete the use of public money for jusen from the budget.

"Public anger is severe. We are not rejecting debate. We're just waiting for an answer to our proposal," Hata said.

The Japanese Communist Party, labor unions and citizens' groups loyal to the party also staged protest rallies against the government jusen scheme near the Diet building.

Japan: Nagoya-Based 'Jusen' Debtor Realtor Goes Bankrupt

OW0403065596 Tokyo KYODO in English
0538 GMT 4 Mar 96

[FBIS Transcribed Text] Nagoya, March 4 KYODO — A Nagoya-based real estate company with massive debts to failed "jusen" housing loan companies, has gone bankrupt, a private credit research agency said Monday [4 March].

The company, general homing, had debts of 10 billion yen, of which 4,437 million yen was owed to three of the seven failed housing loan firms in fiscal 1994 ending in February last year, the officials at the Nagoya branch of Teikoku Databank said.

The bankruptcy is the second largest case related to the housing loan firms after Maruto Komuten, a realtor based in Chiba Prefecture, collapsed in January with debts totaling 36.8 billion yen.

General Homing, with a capital of 48 million yen, was set up in 1979, mainly selling homes. Sales peaked at 11,778 million yen in fiscal 1989, but the company later suffered from interest rate burdens on debts amid sluggish demand in the real estate market.

Japan: Founder Banks Ready To Shoulder Extra 'Jusen' Cost

OW0403142996 Tokyo KYODO in English
1308 GMT 4 Mar 96

[FBIS Transcribed Text] Tokyo, March 4 KYODO — A banking industry leader showed Monday [4 March] the readiness of the banks that founded the troubled housing loan companies, known as "jusen," to shoulder extra financial burdens in a government scheme to liquidate the companies.

Meeting with reporters, Toru Hashimoto, chairman of the Federation of Bankers Association of Japan, said the banking industry will consider adopting one of five new proposals put forward by the ruling coalition for liquidation of the seven jusen firms.

Hashimoto made the comment after meeting with leaders of the three-party coalition earlier in the day.

The coalition has asked the founder banks of the housing loan companies to shoulder more of the liquidation burden than was originally envisaged in the government scheme. The scheme has been a target of public criticism for its use of taxpayers' money.

Earlier in the day, the ruling coalition urged founder banks of the seven housing loan companies to pay an additional 500 billion yen to help resolve the Diet impasse over the government's plan to liquidate the companies.

The three-party alliance made the request to three vice chairmen of the powerful Federation of Economic Organizations (Keidanren), including Kenichi Suematsu, chairman of Sakura Bank.

The request came after the main opposition party Shinshinto (New Frontier Party) attempted to block passage of the fiscal 1996 draft budget through the House of Representatives Budget Committee, the coalition sources said. The draft budget includes the liquidation scheme.

The founding banks basically agreed to pay extra contributions for the jusen scheme, coalition sources said.

But Sakura Bank's Suematsu declined to reveal the amount of money to be put up by the founder banks.

The founders will explain to their shareholders the latest decision to assume extra jusen costs, Suematsu said.

Shinshinto lawmakers gathered outside a Diet room where the lower house's Budget Committee will talk about the budget bills in an bid to block further discussions. The coalition is poised to have the panel pass the budget.

The coalition of the Liberal Democratic Party (LDP), the Social Democratic Party (SDP) and New Party Sakigake also agreed to siphon off 200 billion yen from agriculture-related outlays over four years starting in fiscal 1997 for use in the mortgage-firm liquidation scheme.

The coalition has started talks with Keidanren, and the Agriculture, Forestry and Fisheries Ministry over the additional steps to resolve the deadlock.

The coalition hopes to placate Shinshinto with the new proposals and persuade it to agree to vote on the budget in the Budget Committee and then in the lower house's plenary session.

Shinshinto, however, remains adamant about the issue, reiterating that the party will not agree to further Diet debate unless the money earmarked for the mortgage company liquidation is removed from the budget.

Japan: Party Officials Discuss 'Jusen' Liquidation Plan

OW0503083896

[FBIS Editorial Report] Tokyo Asahi Television Network in Japanese at 0100 GMT on 1 March, in its "Sunday Project" program, carries a 56-minute discussion involving Yoichi Masuzoe, international political commentator; Hajime Takano, INSIDER magazine chief editor; Atsushi Kusano, and Keio University professor. The program is moderated by Soichiro Tahara, with today's guests Koichi Kato, secretary general of the Liberal Democratic Party (LDP); Kanju Sato, secretary general of the Social Democratic Party (SDP); Yukio Hatoyama, secretary general of Sakigake; Kozo Watanabe, general council chairman of the New Frontier Party (NFP); and Kazuo Shii, secretary general of the Japan Communist Party (JCP).

Concerning the government's plan to liquidate financially troubled special housing corporations (jusen) by using tax payers' money, Tahara asks Kato why the government needs 68.5 billion yen. Kato says it is needed to save depositors and ultimately the Japanese economy. Watanabe says: "There are no grounds at all for spending 68.5 billion yen in taxpayers' money." He adds that burdens of holding banks and other financial institutions affiliated with agricultural corporations should be increased while saying, at the same time, that the liquidation measure is the best idea the government came up with under the circumstances. Shii points out why the government is not asking the holding banks to take more responsibility for the mistakes its affiliated companies made.

Kato says: "The 68.5 billion yen is the government's way of expressing its intention to save the depositors even at the risk of using public money." He then says that the government will try to make the holding banks shoulder heavier burdens for the *jusen* losses after approving the budget because it is an urgent issue and there was no time left. He says grave consequences such as an economic slowdown and the loss of international credibility are unavoidable should the government fail to approve the draft budget.

Asked again if the government will be able to increase the burdens of holding banks, Kato says: "We are studying how to do it." He also says: "However, we do not want to use the power of authority to force the banks to pay more."

Tahara asks Watanabe how his party will stop the ruling parties from railroading the government's draft budget. Watanabe says: "We will stop it even by using physical means."

Tahara asks Sato again if the government can reduce 68.5 billion yen earmarked in the fiscal 96 draft budget if it manages to persuade the holding banks to shoulder more burdens. Sato says that although the government will not change the budget amount, financial expenditures can be reduced in the future.

The discussion ends at 0156 GMT.

Japan: Article Urges Alternative Plan for 'Jusen' Disposal

OW0503114096 Tokyo BUNGEI SHUNJU
in Japanese Mar 96 pp 100-106

[Article by Hiroshi Kato, president of Chiba University of Commerce: "A Foolish Choice: 'Government's Jusen Disposal Plan'"]

[FBIS Translated Text] There are various arguments about the proposed use of public funds to bail out the failed specialized housing loan firms (*jusen*). Especially, calls for "making clear who is responsible for the problem" are becoming stronger in the Diet and the media every day.

In the case of the failure of savings and loan associations (S&L) in the United States in 1989 — which is often mentioned as a model for the liquidation of Japanese financial institutions that went bankrupt following the bubble economy's collapse — more than 1,500 people were indicted, and 1,250 of them were found guilty.

Likewise, in the process of disposing of *jusen*, I think it is quite natural to conduct a strict investigation into the issue on charges of breach of trust and illegal financing, even if it results in hundreds of arrests.

However, this is simply an ordinary way of dealing with an economic crime, and it does not inquire into the nature of the problem: Why did the *jusen* issue occur in Japan?

I think the media's current tone of argument is lacking this most important point of view.

Also, some critics blame Masaaki Tsuchida, then director general of the Ministry of Finance's (MOF) Banking Bureau, for the *jusen* crisis because the Banking Bureau's directive of March 1990 — known as restriction on banks' loans to real estate companies — triggered *jusen* firms' deep involvement in real estate loans. But such a criticism is nonsense.

I think the MOF was aware that real estate loans would be handled more by nonbanks as the result of its directive. However, although the MOF had authority over financial institutions, it did not have authority over the so-called nonbanks like *jusen*.

Though I think the MOF's directive was a case of complete misgovernment, the MOF bureaucrats' explanation is not unreasonable; they maintained that it was the best they could do and was with the best of intentions since stopping the sharp rise of land prices was the most urgent requisite forced on them.

Then, if a single ministry — the MOF — was authorized to supervise all those institutions, that would be the bureaucracy of a socialist state. Since Japan is not a socialist nation, it is meaningless to hold individual bureaucrats responsible for the *jusen* problem.

In the same way, holding Prime Minister Ryutaro Hashimoto (then finance minister), the management of the parent banks that set up *jusen* firms, or the executives of agricultural cooperatives that provided the *jusen* companies with a huge amount of funds responsible for the *jusen* problem would not be an essential solution, nor — this is important — would it be in the people's interests.

Japan Not a Modern Nation

Then, why did the *jusen* issue occur in Japan? To answer this question, we must look into the history of modern Japan. In other words, the fact that Japan has not developed into a modern state yet is the heart of the *jusen* problem. The first distortion in Japan's financial administration that caused the *jusen* issue can trace back to the Showa Depression of 1930's.

The Great Kanto Earthquake of 1923 created a large number of bad loans (earthquake bills). The MOF, in fear that the Japanese economy would collapse if the bills were dishonored, had the Bank of Japan (BOJ)

endorse the bills (the bills were guaranteed by the BOJ). While this measure is quite similar to the argument that is rampant now: "To maintain the financial system, the use of public money cannot be helped," it temporarily averted the collapse of the Japanese economy. Because of this success, the MOF and the BOJ came under the illusion that "they can control the whole financial system."

The BOJ later held a lot of bad loans due to its endorsement. It was the Bank of Taiwan (BOT) that forced the nonperforming loans on the BOJ, and the BOT increased its lending to Suzuki Shoten — a trading firm which had grown rapidly by camphor trade — in order to repay its bad loans. However, Suzuki Shoten easily became bankrupt as soon as the economic boom created by World War I was over. This triggered the Showa Depression.

Some businessmen played a great role in the recovery of Japan's economy from the depression. Yoshinari Kawai, who once served as the manager of Tokyo Stock Exchange, is one of them.

To halt the financial panic, Kawai supported a variety of stocks. He pumped blood into ailing companies through a method of direct financing — raising funds by stocks.

However, this idea was not appreciated by the financial authorities at that time who had become confident in controlling Japan's financial system following their success of disposing of the earthquake bills. Instead, they made a stronger control structure by establishing the Banking Law aimed at modern management, and started a financial policy of the so-called escort convoy method in which ailing small banks are rescued through merger.

Because the stocks of Teikoku Jinzo Kenshi Co. (currently known as Teijin Ltd.) he had bought at that time skyrocketed later, Kawai himself was falsely suspected of collusion and got involved in a scandal called Teijin Incident.

Japan lost two opportunities to modernize itself at that time. First, it was unable to switch over to direct financing in which companies raise funds by stocks and bonds. As a result, indirect financing such as bank loans has remained to date as the core of Japan's financial system.

Second, the financial system was not left to operate on the market mechanism because the MOF and the BOJ thought arrogantly that it can be controlled directly.

Their arrogance left the present credit cooperatives, which were called mutual financing associations then, out of the reach of the Banking Law. It is well known

that the credit cooperatives, being left out of the framework of modern management, swelled at the time of the bubble economy, ran out of the financial authorities' control, and have started the financial uncertainty of today. The same can be said about nonbanks such as jusen.

The authorities' attitude remained the same even after the war, and they became more confident in themselves after they succeeded in rescuing Yamaichi Securities Co., Ltd. and Sanyo Special Steel Co., Ltd. with BOJ's special loan. Because of their arrogance, they have procrastinated in responding to the jusen issue, and brought about today's terrible situation.

MOF Should Be Reformed

If a liquidation plan like which is being discussed now had been carried out at the time "The Second Reconstruction Plan for Jusen" was formulated in 1993, there would have been no need to use public funds at least. While the MOF and the BOJ were taking the jusen problem lightly thinking it could be dealt with their power as they have done before, land and stock prices declined as much as 30 percent. That portion has become the financial burden on the public.

In the same year in Sweden, when the failure of its financial institutions became serious, it tidied over the credit uncertainty by forfeiting the authority of its Finance Ministry and Central Bank, and by establishing the Banking Support Authority. Why is Japan unable to do so?

The reason is symbolized by the fact that the MOF does not understand that the separation of the three powers is the most fundamental requirement of a modern nation.

Legislative power originally belongs to the Diet. Nevertheless, 89 percent of laws are made by the bureaucrats. In addition, while it is the cabinet that is vested with executive power, in reality, a lot of administrative affairs — such as issuing directives — are conducted at the discretion of the bureaucrats. It has become clear that even judicial power is infringed by the way the MOF has dealt with the recent case of Daiwa Bank's huge loss.

Although the incident was an economic crime that should have been left in the hands of the local judiciary at the point the problem was learned, the MOF directed Daiwa Bank to delay the announcement of its losses. This certainly constitutes an infringement of judicature.

Unless these acts of MOF's conceit are excluded, the strain of Japan's financial administration cannot be corrected, and Japan will never be able to become a

modern nation — one of the causes of the *jusen* problem lies here.

Then, returning to the issue of responsibility, I think the MOF has to withdraw completely from finance — practical sector — in order to be regarded as taking responsibility.

With regard to the MOF's policy on the soaring land prices, it should have dealt with it with an indirect method like tax reform. At that time, there was a lot of argument at the Administrative Reform Council that the national land-price tax was too low. I think reforming the land-price tax, and letting the market mechanism function would have been the best way to cope with the rising land prices. If the MOF had done so, land prices would have settled at an appropriate price. However, the arrogant authorities judged that they could overcome the situation by restricting banks' loans to real estate firms — a policy of a pre-modern, finance-dominating ideas. The result was contrary to their expectation, and the value of land even went below its proper level.

In addition to the reform of the MOF, other ministries should also separate all of their practical sectors from themselves. For example, the Ministry of Posts and Telecommunications' postal savings, which has been a great obstacle to Japan's financial system to function on market principles, should be the first to be cut off.

This means the funds for MOF's treasury investment and loans will disappear, but this too should be welcomed. As a replacement for such a fund, for example, when Japan Highway Public Corporation needs money, it can issue bonds each time in the name of a project to be carried out. If funds cannot be raised by that, the project will be canceled because it means that project is not supported by the public. As an administrative system, this will be a very streamlined one.

Abandoning practical sectors of each ministry amounts to an administrative reform that includes a cutback in personnel. In other words, the delay in the administrative reform of the MOF can be said to be the main cause of the *jusen* debacle.

Dominance of Physiocracy

The fact that agricultural cooperative-related financial institutions are the largest creditor of the *jusen* complicates the issue. Physiocracy — in which the interests of agriculture are considered first — was not reviewed even when Japan was being industrialized rapidly after the Great Kanto Earthquake, and still dominates Japan today.

In the United Kingdom, for instance, the enclosure movement occurred as industrialization progressed, and

farmland was converted into stock farms. Although only three percent of Japan's land is level land, it had never attempted to decrease farmland. As a result, the price of land for industrial use went up.

Also, there was no land for housing when factory workers started to concentrate on cities. This is because it was difficult to transform farmland into residential land since property tax for farmland in an area designated for urbanization remained at a low rate. Thus, the price of land for housing kept soaring.

Such a steep increase in land prices was of great benefit to financial institutions because they could expand their lending by counting on the increasing latent profits as security. In this fashion, the relationship between agriculture and finance has become inseparable.

Furthermore, the farm vote has quite a big presence in the political climate of Japan. Since this tendency will become even more pronounced under the single-seat constituency system, now it is no longer conceivable that politics will give up physiocracy.

Of the total 13.6 trillion yen in loans to eight *jusen* firms, 6.1 trillion yen is a loan from the financial institutions affiliated with agricultural cooperatives.

Under the first stage of the plan to liquidate seven *jusen* firms, however, the founding banks will write off their entire credit worth 3.3 trillion to the *jusen* companies, and nonparent financial institutions will give up 1.6 trillion yen — a part of their loans to the *jusen*. In short, although 685 billion yen in taxpayer money is going to be used, the agricultural cooperative-related financial institutions will not have to give up their credits, and their burden is only 530 billion yen in the form of a "gift."

Besides, an agreement on the disposal plan is about to be reached in which even secondary losses — 1.2 trillion yen — which are expected to arise in the course of collecting debt will be shouldered by the parent banks and the government — which means taxpayer money will be used.

It is obvious that the idea that at least agricultural cooperatives should be rescued — Japan's tradition of physiocracy — has led to the proposed use of public funds.

Budget Should Be Approved

Then it comes to the question whether public funds should be used or not. My opinion is that the FY 1996 budget should be approved promptly, and the introduction of public funds should be decided.

This may sound contradictory to what I have been saying about responsibility, but I will explain in what follows why it is not.

The current Japanese economy is viewed abroad with grave concern. Especially, the whole world is paying attention to how the jusen issue will be settled to such an extent that the Japanese word "jusen" is now being used in overseas financial markets. They think Japan's economy will become bad unless the problem is resolved — even if public money has to be used — without a moment's delay.

If a decision on the disposal plan is delayed any further over the issue of whether or not to use public funds, foreign investment in Japanese stocks will be withdrawn all at once. Then, it is clear that the Nikkei average, which has barely recovered the 20,000 level, will crash.

Furthermore, interest rates will remain low, and life insurance companies, which are already being pressed with the low interest rates, will suffer even more, and will be forced to sell the deficit-covering U.S. bonds that they are holding. The budget deficit of the United States has been virtually supported by Japanese life insurance companies, and if their buying support of U.S. bonds becomes no longer available, the U.S. Government will have to go bankrupt. As a result, the dollar will tumble, and the yen will steeply appreciate. And, the Japanese economy that has recovered at last would plunge to the bottom again.

While this may not be a pleasant example, the present Japanese economy can be likened to a driver who ran over a person in a car accident. The injured person has to be taken to hospital before arguing who is responsible for the accident. That is why the budget has to be approved as soon as possible.

Suspend Execution of Public Money Appropriated for Jusen

However, it is a different story whether or not the funds will actually be used. That is, the approval of the budget is sufficient to let the world know that the Japanese government is going to deal with the jusen issue even by using public money.

I would like to propose here that after the budget is approved, the execution of public funds appropriated for the jusen issue should be suspended. During this moratorium, a substantial way of taking the responsibility in a way that convinces the public — for example, as mentioned above, the promotion of administrative reform such as the separation of practical sectors from each ministries including the MOF — can be pursued. And the execution of the budget for jusen will not be allowed as far as that is not carried out.

That the treatment of the jusen issue should be regarded as the first step of the administrative reform and structural reform of Japan is the framework of my claim.

What should be confirmed here is the claim — rescuing individual financial institutions is indispensable in order to maintain the entire financial system — that has been made so far by the government and the MOF is completely wrong.

Even if one or two city banks fail, the financial system will not collapse. Different from the era of the financial panic of 1927, most parent banks have strength, and will be able to withstand a run on the bank. It is just a matter of funds moving from banks with poor management to strong banks. Strong banks will become stronger, and the financial system will be strengthened rather than weakened.

The explanation that the use of public funds is for maintaining Japan's financial system is just an excuse to prolong the life of the escort convoy method. We must emphasize that this public money will be used for liquidating financial institutions, not for rescuing them.

The first step is to promptly the reorganization of the agricultural cooperatives and Prefectural Credit Federation of Agricultural Cooperatives — the agricultural financial institutions which are clearly incompetent as financial institutions — and to amalgamate them with Norinchukin Bank.

Following a recommendation in the report of Administrative Inspection Bureau that agricultural cooperatives should be reduced and reformed because there are too many of them, the liquidation of agricultural cooperatives has been carried out until now. But strangely enough, the total number of agricultural cooperative workers has not declined at all. In short, even if one agricultural cooperative is liquidated, its employees are absorbed by other agricultural cooperatives. If this is the case, there is no practical effect of the reform. We should not allow such to be the case in the liquidation of jusen to be carried out.

Also, with regard to banks, the survival of the fittest should take place by the MOF giving up its escort convoy method. There will be many banks that will have to reconsider the high salaries of their workers and their welfare programs such as high interest rates on in-house savings that has been the object of public resentment each time a financial institution is rescued. Of course, there will be banks that will go bankrupt and be liquidated.

Currently, Japan's unemployment ratio is 3.2 percent which is a one point increase from the 2.3 percent of five years ago. Since the work force is 6.5 million, the

increase means there are additional 650,000 unemployed workers. Some critics argue that increasing the number of unemployed people at a time like this is not desirable.

But the manufacturing industry is weathering hard times and is restructuring itself. There is no reason to make an exception of financial institutions.

Moreover, there is a potential development that would absorb the five-year increase of 650,000 in unemployment in the next five years. It is the steep decline of new college graduates, called the "baby bust era." The number of new college graduates five years from now will decline by 500,000 compared to this year's number. Because of these circumstances, the financial institutions have no reason to refuse restructuring.

No Need To Use General Account Budget

Public money can be used only after the above is guaranteed. In this connection, I would like to make one more proposal. There is no need to use the general budget to allocate the funds for *jusen* as it is planned.

First of all, if administrative reform — one of the prerequisites for allowing the use of public funds — is conducted, that alone will bring the government a lot of money. That funds can be diverted to be used for the *jusen* issue.

Also, public works can be reviewed too. Although public works worth approximately 30 trillion yen are being undertaken now, all of the prices were based on the costs three years ago. However, necessary expenses, including the cost for land, have dropped by 30 percent on average in the last three years. If the necessary expenses are recalculated on the basis of the current price, the difference would amount to a savings of 9 trillion yen.

There is a criticism that this is an impractical argument because cutting all of the 30 percent would cause 30 percent of the 520,000 construction firms nationwide to be out of business. However, not all of the amount — 9 trillion yen — is necessary. Since the financial burden for the initial and secondary losses is currently estimated at 1.3 trillion, a 15 percent cut in public works would be enough to cover it.

At any rate, the budget does not have to be used in a rigid way. The government needs to be flexible enough about rearranging its budget depending on the situation.

While this is my *jusen* disposal plan, when these proposals that involve Japanese structural changes are fulfilled, it is expected that not only foreign capital would flow into Japan's stock market, but also domestic capital would circulate. When the Nikkei average, which is now fluctuating around 20,000, recovers to the 23,000

level, an annual economic growth rate of 2 to 3 percent would be certain, and then the economy would remain good for five years at least.

Because the rise of land and stock prices improves the collection rate of bad loans, the amount of losses to arise in the process of bailing out *jusen* would be reduced as a result, and the final amount of public money to be used might be lower than currently anticipated.

Since taxpayer money will be used, it is the duty of politics to produce a result worth the money invested. When the government decides on a policy, it has to do so with an awareness that it should offer corresponding collateral to the public because the people are forced to pay a large amount of money — 10,000 yen per person.

Conclusion: The government should make a definite promise to the public that by carrying out administrative reform (such as reducing the number of national and local government workers, and cutting the retirement allowance of those responsible for the *jusen* crisis), the use of taxpayer funds will result in much bigger benefits than the burden. The execution of the budget appropriated for *jusen* should be suspended until the government gives its word.

Japan: Kanemaru, Others Not Indicted for Alleged Illegal Donations

OW2802132096 Tokyo KYODO in English
1130 GMT 28 Feb 96

[FBIS Transcribed Text] Tokyo, Feb. 28 KYODO — The Tokyo District Public Prosecutors Office said Wednesday [28 February] it has decided not to indict Shin Kanemaru, former kingpin of the Liberal Democratic Party (LDP), and more than 60 Diet members for failing to report their political donations.

Prosecutors said there is not enough evidence to indict them, overriding the demand by a judicial watchdog body that their refusal to indict them for violating the political funds control law be reconsidered.

The decision will put to an end prosecutors' four-year-long probe into a scandal involving now-defunct Tokyo Sagawa Kyubin delivery company over its illegal donations to politicians, including Kanemaru, 81.

Japan: LDP To Strengthen Local Groups Before Next Election

OW0303061896 Tokyo KYODO in English
0601 GMT 3 Mar 96

[FBIS Transcribed Text] Tokyo, March 3 KYODO — The Liberal Democratic Party (LDP) has decided to strengthen its party's local groups in anticipation of the

next general election, which will be held under a new electoral system, party officials said Sunday (3 March).

To reassert the party's longtime alliance with commercial interests, such as wholesalers and retailers, the LDP leadership has urged the party's 47 local branches — one in each of Japan's prefectures — to set up new liaison bodies with local industries, the officials said.

The LDP, led by Prime Minister Ryutaro Hashimoto, forms the ruling coalition with the Social Democratic Party and New Party Sakigake [Harbinger], but it fears that its ties with traditional supporters might have seriously weakened while it was out of power for about a year from 1993 through 1994.

The party has also told its local branches to set up by the end of May new youth groups in each of the 300 single-seat constituencies which will replace Japan's present multi-seat constituencies.

The youth groups should be enlarged so that they can help as vote-gathering teams in each new constituency, the officials said.

In combination with the 200-seat proportional representation system, the single-seat constituency system was introduced for the election for the House of Representatives in Dec. 1994 as the main points of electoral reforms.

Japan: Former Hokkaido Governor Yokomichi Featured

96280022A Tokyo *SEKAI* in Japanese Jan 96
pp 18-23

[Article by Hirotohi Ito, journalist: "Can Takahiro Yokomichi Become a Key Figure in the Establishment of a Third Party?"]

[FBIS Translated Text] Former Hokkaido Governor Takahiro Yokomichi is off and running with the idea of a new party. The publication party for his *Third Pole* brought out a prominent lineup of celebrants. His election for the governorship of Hokkaido once became a national topic of conversation. Will the local citizens' groups that became the driving force behind his successful bid again take to the political stage? Though what he says and does is already drawing attention, he has received a surprisingly cool reception in some quarters.

Two Different Views of Mt. Fuji-Like 'Ruler' of Northern Province

"After all, he's a second-generation [politician]. He may be skillful in taking advantage of opportunities and connections, but he's not the kind to make up his mind to do something and then do it. Before crossing a stone

bridge, he is careful to tap on it to make sure it's sound. But because he's been overly cautious, the bridge has started to show some cracks. That would probably describe his present situation in a word."

While some people share this view, others hold a more flattering opinion. "He has a clean image, and although he may not be particularly good at paying lip service," they say, "he strikes you as someone who is well liked. Well versed in policy, he may hold to certain theories but keeps a broad, open mind. As a politician, he's first-rate politician."

The subject of these remarks is former Hokkaido governor, Takahiro Yokomichi.

Until this spring, Yokomichi had spent the last 12 years of his life as governor of "far-off" Hokkaido—the distance often leading to his being likened to Mt. Fuji.

Like the beautiful outlines of Mt. Fuji when seen from afar, Yokomichi, to those in Tokyo, has loomed grandly in the distance as the "ruler" of the northern provinces. But from closer up, we see that what has appeared to be his clean image is really the result of his not wanting to get his hands dirtied. His cautious behavior comes from an indecisive character. Thus, on closer scrutiny, what has appeared to be dimples are really only pockmarks.

For the Social Democratic Party of Japan [SDPJ], Yokomichi, long called the "prince of the SDPJ," was the final trump card as it struggled to keep afloat. Even after the party offered to put him at the top of its roster for the last upper house election, even after the party tried to woo him over, saying "you're the only one for the party's next chairmanship," Yokomichi wouldn't take the step and go over. Hoping to create a "third political pole" by marshalling liberal, democratic elements, Yokomichi felt the Socialist Party should first disband.

However, even after hearing plans to "put the Socialist Party to bed" and being invited to become the leader of a new, "reborn" party, Yokomichi still hasn't given his nod of assent.

From the time he won his first term as governor of Hokkaido in 1983, Yokomichi has kept up a close association with two similarly young, able politicians. After they had moved on to the central government after serving as governors—Morihiro Hosokawa as governor of Kumamoto Prefecture and Masayoshi Takemura as governor of Shiga prefecture—they became the respective founders of the Japan New Party and New Party Sakigake. Like explosives, the two triggered changes in Nagatacho [political district in Tokyo].

Compared to these two, Yokomichi clearly appears to have been "indecisive."

"From around the time that we all clearly saw the coming collapse of the old Liberal Democratic Party (LDP) order, the Socialist Party has repeatedly come forward with expectations for Yokomichi. Now, in launching the Liberal Forum, a policy group formed with Sakigake's Yukio Hatoyama, Yokomichi has finally begun to move," says an old Socialist Party lawmaker.

"Sometime between the end of this year and the early part of next year, perhaps the group will have come out with their 'third party' and be ready to launch it with Yokomichi at its helm."

"If some action of this sort had been taken earlier," he says, expressing his regret, "the Socialist Party might not have fallen to its present state. Nor would the liberal forces be buried between the battlements of the LDP and Shinshinto forces."

There are many among those connected to the Socialist Party who share this lament about Yokomichi's "indecisiveness." But what should really be lamented is the poverty of human resources within the party that makes it have to rely so much on Yokomichi in the first place.

The move by former Socialist Party Chairman Sadao Yamahana and others to form a new democratic federation, a new liberal-democratic party, has met with repeated setbacks. Party reform has been nipped in the bud any number of times. Now, however, with the party backed to the edge of a cliff, the Socialists have begun preparing for the formation of a new party, linking themselves up with the Sakigake and people like Yokomichi. There is no longer any stopping them.

The "face" of that new party, it is said, will be Masayoshi Takemura or Yokomichi. To have expectations still riding on his taking the head seat, despite criticisms of his "indecisiveness," Yokomichi must have been born under the right political sign.

The 'Bombshell' Born of 'Revolutionary Blood'

Yokomichi was born in the city of Sapporo on 3 January 1941. His father, Setsuo Yokomichi, a graduate of Sapporo Teachers' College (now Hokkaido University of Education) and a teacher at the time, became active in the teachers' union after the end of the war and from there was elected to the Diet. Yokomichi's mother, Miki, was the younger sister of Eitaro Noro, a well-known leftist scholar of economics who was arrested during the war by Japan's special political police unit and spent his last days in jail. A graduate of Iwamizawa Girls' School (now Iwamizawa-nishi High School), his mother was an elementary school teacher.

In other words, Yokomichi's "revolutionary blood" was inherited from his parents. Initially, he wanted to be a lawyer. Graduating from Sapporo's (municipal) Keimei Middle School, he matriculated in Sapporo West, a prefectural high school, and then, in his second year, thinking that, in order to become a lawyer, it would be better to enroll in Tokyo University's Law Department rather than going to Hokkaido University, he transferred to Kudan (municipal) High School in Tokyo. While active from his student days in Shaseido, a Socialist Party youth organization, Yokomichi still had time to apply himself diligently to his studies. Clearly a young man with a sharp mind, he passed his state law exam while still in school.

He married Yumiko Matsuoka, a Tokyo University classmate whom he met while participating in the same student movement while attending the State Judicial Training Center. Finishing his training, in April 1968, Yokomichi returned to Sapporo to begin private practice. He is said to have belonged to the "hot-blooded school" of attorneys, accepting the kind of cases from court-appointed defense counsels that other lawyers were loath to take. The following year, with the sudden death of his father from heart failure at the early age of 56, Yokomichi was urged to run for his father's First District Diet seat as the Socialist Party candidate.

In part due to Hokkaido's history, which starts with efforts to open up what was then still a wilderness frontier, and the enterprising spirit and anticonservatism of its inhabitants, the Socialist Party has traditionally been strong in this region. A plain-spoken man with an uninhibited lifestyle, Yokomichi's father was personally popular, and this too seemed to work in his son's favor, winning him the election on his first try. At the time, he was only 28 years old.

With his ability to gather information through the connections he inherited from his father and with the analytical skills he cultivated as a lawyer, Yokomichi soon stood out among his fellow politicians. In 1972, it was Yokomichi, then still a third-year lawmaker, who shocked the Diet with revelations that came to be known as the "Incident Involving Leaked Secret Foreign Ministry Documents."

Although financial compensation for (land used as) U.S. military bases in Okinawa was to be paid by the United States, a "secret deal" had actually been made for the Japanese Government to pay the costs instead. The deal was exposed by Yokomichi's disclosure of secret cablegrams that had been sent. Later, his reputation suffered somewhat when he was unable to conceal his source and it became known that the leak had come from a female employee in the Foreign Ministry involved

in an "illicit affair" with a newspaper reporter. Interest also shifted from the "secret agreement" to the subject of leaks. Still, the incident gained Yokomichi a name, showing the extent of his influence as a politician.

Because of the incident, he was soon being called the "prince of the Socialist Party."

It was from around this time—now more than 20 years ago—that Yokomichi was to sense the Socialist Party's critical shortcomings. In an interview given at the time, he says:

"As with the other parties, the Socialist Party is full of old men. It is locked into its past experiences. The time has come for a change of leadership. The party's lack of organization is its biggest shortcoming."

As the rightwing and leftwing factions fight it out, it becomes clear that he was right on target in describing the SDPJ as a party which was managed by using experience as its rule of thumb, without coming to needed decisions about organization.

Be that as it may, ever since making his first startling revelation to the Diet, Yokomichi has come to be known—along with Yanosuke Narasaki and Shun Oide—as one of the Socialist Party's three young, new "bombshell" politicians, standing at the forefront of inquiries into incidents symbolizing the corruption of the LDP, such as the Lockheed scandal and others involving corporations like Douglas-Grumman and Kokusai Den-shin Denwa (KDD). Meanwhile, the Socialist prince's fame kept growing until, finally, he became governor of Hokkaido, backed by a coalition of young supporters. It was a victory that overturned doomday predictions about a candidate whose support was drawn from young voters who were typically disinterested in government and politics. His victory also gave Yokomichi an unshakable place within the party as the Socialist prince.

Yokomichi's Post-Victory 'Virtual Image' as Seen by Citizens' Groups and Other Supporters

More than half of Yokomichi's princely image probably comes from his "bloodline" and background. His uncle, Eitaro Noro, was a well-known Marxist theorist since his student days at Keio University and was the author of *The History of the Development of Capitalism in Japan*. His death in 1933 at the age of 34 while in prison made him a martyr for leftwing activists of the day.

A well-known polemicist, Yokomichi's father, Setsuo, bitterly pursued the government's role in a shipbuilding scandal that is said to have triggered the collapse of the Yoshida cabinet in 1954. His attacks eventually led even to a warrant for the arrest of then-LDP Secretary

General Eisaku Sato. During his eight terms in the Diet, he served as chairman of the Diet Affairs Committee and Policy Deliberation Board and is said to have been a shoo-in as the party's next secretary general if not for his early death.

Not one to relegate her life to being a full-time housewife, Yokomichi's mother, Miki, was a leading member of the Japan-China Amity Association, making nearly twenty visits to China during her lifetime. She also supported her son's political activities from his days as a Diet member, as did his wife, Yumiko. Among the residents of Sapporo, his wife is known for her work in the consumers' cooperative movement and her active stance against the use of agricultural pesticides.

In addition to having a bright mind, passing his state law exam while still a full-time student at Tokyo University, Yokomichi also came from the right stock for a leftist politician. For those in the party who considered him the prince of the SDPJ, this background lent itself to Yokomichi's clean-cut, able image.

But bloodlines are never a sure-fire predictor. The first ones to see through the myth born of his pedigree and to get an inkling of the difference between his "virtual" and real image seem to be the citizens' groups who brought him to the attention of a national constituency.

The 42-year-old candidate's slogan for the April 1983 governor's race was the promise of a "new age of development" for Hokkaido. His only endorsement came from the Socialist Party. His rival, former Lieutenant Governor Kenichiro Mikami, was backed by the other parties, including the LDP, Komeito and the Democratic Socialist Party. With a slogan no one really understood, Yokomichi's chances against a candidate like Mikami, who had a solid organization behind him, including Hokkaido's local officials, were nonexistent.

The deciding factor behind his win was the "Yokomichi boom" created by a coalition of citizens' groups and other ad hoc support groups. Because of their novel, light-handed approach—tactics like telephoning department stores and getting voters to hear his name over loudspeakers "paging Takahiro Yokomichi"—support groups sprang up throughout Hokkaido, with a growing number of people coming together on their own to form groups whose members were all "single women" or "born during the Taisho era [1912-1925]" or held together by some other such nexus.

In the end, Yokomichi won by a margin of 70,000 votes. Members of these citizens' groups joined together, not because of his "bloodline" or background, but because they were drawn to his youth and clean, "soft" image.

Once elected, however, Yokomichi ignored his new-found constituency, failing to organize them or to create an opening for their views in his administration. Although they had joined together for their own reasons, still many of them felt in his treatment of them the cool indifference of an elite, second-generation politician.

Nor did he keep his promises. His administration promoted the building of Hokkaido's first nuclear power plant and undertook construction of the environmentally destructive Hidaka Central Highway. Although local government heads are necessarily pragmatic, Yokomichi's failure to maintain his connection to the groups that had been the moving force behind his successful campaign is also an indication of his limitations.

Instead of Yokomichi's true image—the image not seen in Tokyo of Yokomichi actually engaged in governance—his "virtual image" is the one that continues to live on in the capital.

Allegations of 'Contribution Irregularities,' Scandals in the Final Days of the 'Yokomichi Dynasty'

The real image of Yokomichi, the one not seen in Tokyo, would include scandals and mismanagement during his 12 years in office. As widely reported, the World Food Festival, which was held in 1988, ended nine billion yen in the red. Other scandals have emerged, casting doubt on Yokomichi's strongest selling point—his integrity.

At the beginning of this year, the matter of "contribution irregularities" was taken up in the Hokkaido Assembly. Suspicions of the same type had also been lodged at former Osaka Governor Kazuo Nakagawa, so it is not surprising that Hokkaido's lawmakers would want to pursue any possible role Yokomichi may have had in the matter. In fact, the Hokkaido police were thoroughly investigating the matter as a possible violation of the Political Contributions Control Law prior to the questioning of financial officers connected to the case.

Yokomichi's political organization includes a group called the Hokkaido Second Century Economic Association (hereafter referred to as Second Century Association). The annual membership fee for corporations is 50,000 yen and for individuals, 30,000 yen. The association's reported revenue in 1992 was 15.39 million yen. An investigation by DOSHIN TODAY, a monthly news magazine published by HOKKAIDO SHIMBUN, however, shows that 5.95 million yen was collected from some 41 corporate members alone. These corporations represent only about 10 percent of the association's 383 members. With each the remaining members

paying [membership dues], the association would have collected more than its reported revenue, according to the study.

Some companies responded to the inquiry, saying they had paid 500,000 yen or, in another case, 300,000 yen. When these facts are considered in conjunction with testimony later given by a former association chairman—namely, that "annual membership revenue typically exceeded 50 million yen"—there clearly seems to have been a violation of the Political Contributions Control Act.

The Second Century Association's main membership comes from Sapporo's civil engineering and construction industry. Needless to say, one of the motives for joining, according to one member, is the expectation of being repaid. The tight-knit relationship between the construction industry and top officials that can be found in any municipality or prefecture also existed in Yokomichi's home state. Yokomichi, however, has disavowed any connection to the affair. "The association is principally made up of those connected to the Socialist Party and some economic interests. As far as the association's having approached these interests," Yokomichi said, speaking in his own defense before the Hokkaido Assembly, "I can say that it is an independent group that acts on its own, and I have no knowledge of the details of its operations, nor about its revenue and how it is used."

Although there is no direct connection to these suspected "contribution irregularities," a criminal indictment has been brought against "Shakai Shinpo's" former Hokkaido branch manager, Yasushi Nikaido, a man who has had some dealings with Second Century's leaders. Nikaido was indicted on 25 October for fraud, forgery of documents, and the use of forged documents.

To give a brief outline of the incident, Nikaido allegedly paid a call on the attorney of an old high school acquaintance. "The Socialist Party is looking for someone to lend it money for its activities. Would you be able to introduce me to someone?" he asked. By chance, the attorney was holding 300 million yen, which he had been entrusted to manage. The next day, Nikaido returned with someone who introduced himself as the deputy secretary general of SDPJ's Hokkaido head office. With the latter present to witness the transaction, a loan agreement was concluded. When repayment on the loan was sought, it became apparent that the deputy secretary general and the SDPJ seal used for the agreement were both fakes.

This is a case where someone made use of the Socialist Party name and his own position for fraudulent purposes. But Nikaido's close association with Yokomichi

and his role in getting the various citizens' groups to support him has lent itself to rumors about possible connections between Yokomichi and how the 300 million yen was used. In the final analysis, Nikaide seems to have been driven to his action by debts and his own personal circumstances. Arising during Yokomichi's long, 12-year "dynasty," however, this series of scandals might also be taken as an indication of a loosening of official discipline and control during his administration.

"Such cases are common in local governments where the top man is a reformer and the state assembly is held by the LDP. The top man doesn't want to get involved with vested interests," comments a political journalist. "Out of frustration, his subordinates come up with a scheme for raising money. Yokomichi couldn't bring himself to dirty his own hands but, in fact, that kind of thing was happening all around him. Twelve years was too long a reign," he concludes.

Top Salesman Attracts Large 'Mainland' Enterprises to Hokkaido

Next, the merits and shortcomings of Yokomichi's three-term governorship.

"Without being stuck on ideology, Yokomichi's goal was regional reconstruction, a plan that can be seen, for example, in the movement to create one specialty product for every rural area of Hokkaido. He also held regional meetings, which were known as "local summits," turning his interests to regional and local concerns, and started a number of strategic projects after developing a comprehensive, long-range plan for the area. His achievement was in his ability to sell the idea of Hokkaido's revitalization and reconstruction. He was Hokkaido's top salesman."

The speaker is Yokomichi's long-time "brain" and idea man in Hokkaido.

The local-specialty movement is widely known as one of the ideas advocated by Oita Governor Morihiko Hiramatsu. It is an experiment aimed at getting local governments to each come up with a specialty product and thus nurture the growth of locally-owned production. Thus, the village of Takasu's specialty is a tomato juice called "Ookami no Momo" [Wolf's Peach] and the city of Shibetsu's is "Suffolk Sheep" (products made from lamb's meat, sheepskin and wool). Local summits are part of a local-revitalization plan that is linked to the local-specialty movement. Here, Hokkaido is divided into roughly twenty circuits, each one taking two to three days to cover. Meetings with Yokomichi allow petitioners from five to ten minutes, at most, to present their case, hardly enough time to convey the

actual situation in their areas. Local leaders, however, were very favorable to these meetings since they would give Yokomichi a chance to visit the area and by sitting face-to-face and talking with him, they would supposedly be able to get him to understand what was needed and wanted in the area.

These plans for regional revitalization were meant to get more people and local industries established in a prefecture already troubled by a declining population. They were not enough, however, to significantly increase employment or production. Thus, putting his energies into attracting large "mainland" enterprises, Yokomichi became Hokkaido's top salesman.

His ideas found concrete form in the "New Long-Term Comprehensive Plan," which was put together in 1987. Putting aside discussion of its "criminal" aspects for the time being, we can see that sixteen strategic projects were included in the plan. Among them were projects to make the new Chitose Airport into an international air cargo port, to develop resorts in every region of Hokkaido, and to set up the infrastructure for a transportation network that would include linear motorcars, freeways, and improved roadways. To realize these plans, Yokomichi was a constant "petitioner" in central bureaucratic, political and financial circles.

As soon as he became governor, Yokomichi set his sights on Toshio Doko, a prominent figure in financial circles and chairman of the Federation of Economic Organizations [Keidanren]. After some arm-pulling, he was finally able to sit down with Doko for a three-hour talk during the latter's visit to Hokkaido. He reportedly petitioned Doko for support from the central financial world for the sake of Hokkaido's revitalization.

Since then, Doko has told everyone he meets, "That Yokomichi is quite a governor!" With this sort of introduction, Yokomichi was able to form an acquaintanceship with then-chairman of the Japan Federation of Employers' Associations [Nikkeiren], Bunpei Otsuki, and others like then-president of Nissho Corp., Noboru Goto. In 1985, two years after Yokomichi became governor, a "Hokkaido Governor Takahiro Yokomichi Support Party" was held at Tokyo's Hotel New Otani. Organizing and promoting the party, besides Doko, were men like Otokazu Nakata, Mitsubishi Estate Co. chairman, Seiji Tsutsumi, Seibu Department Stores chairman and Itochu Corp. consultant Ryuzo Seshima. Here, too, it was clear how much importance Yokomichi placed on connections in the financial world.

During Yokomichi's governorship, the Sezon Group undertook resort development in the Sahoro district, the Tokyu Group started development of the Chinai district, and the Seibu Railway Group began resort development

in Onuma and Furano. It can be said that Yokomichi used his connections to bring all this about.

Individuals connected to the Hokkaido Assembly are unanimous in recognizing three instances of government mismanagement.

The first case in point is the World Food Festival, which was held in 1988. Only 1.75 million people attended the event, compared to the organizers' goal of four million. Partly because of this low turnout, attendance only covered five billion yen of the 14 billion yen incurred in business expenses, placing a 1,600 yen burden on each Hokkaido resident. Although a number of factors might be cited, including careless planning and execution, in the final analysis, the biggest reason was the lack of management skills on the part of the plan's originator who, in this case, was Yokomichi.

The second and third instances involve government graft and corruption. Before the wound incurred from the World Food Festival could heal, corruption was discovered in conjunction with one of the strategic projects that had earned Yokomichi his reputation as being a "top salesman." Project leaders whom Yokomichi had chosen are said to have accepted substantial bribes from the company entrusted with planning the project. The third instance, discovered in 1991, involved off-track betting sites. Although off-track betting sites were planned for Sapporo's shopping quarters, a movement opposing the plan took place. Yokomichi's associates, including his private secretary, asked someone with mob connections to find a way to dissuade the protesters. Yokomichi underwent harsh questioning in regard to his failure to provide adequate supervision.

A careful look at Yokomichi, the politician, would probably show a leader who is neither good nor bad, but middling. Those in the Socialist Party who still see him as Mt. Fuji, however, have pinned their hopes on him for their party's rebirth. With no intention of taking part, Yokomichi, though proposing the idea of creating a new party, has still not taken any concrete steps in that direction.

The view of many in political circles is that "at a time when the political situation is in such disarray, someone like Yokomichi who is afraid of failure and getting himself dirty isn't what people need. There is not much chance that he will hold a leadership role in the central government."

Japan: DA To Equip FSX With In-Flight Fueling Capability

OW0503090496 Tokyo TOKYO SHIMBUN
in Japanese 26 Feb 96 Morning Edition p 1

[FBIS Translated Text] As of 25 February, the Defense Agency [DA] has decided to equip F-2's (FSX) with in-flight fueling capability. The F-2's are the Air Self-Defense Force's [ASDF] support fighters, which are to be mass-produced beginning in FY96. In the past, when the DA procured F-4 fighters, which have superb air-to-ground striking power, it stripped the aircraft of such capability because "other countries would feel threatened by possible [Japanese] invasion." However, the DA explains that the F-2's, which have superior offensive capacity over the F-4's, were equipped with in-flight fueling capability because it "took into consideration [the need for] efficient and flexible operations."

The in-flight fueling device to be installed on the F-2 is the same type as that on U.S.-made F-16 fighters. The DA decided to adapt it to the F-2 without any modifications. The F-2 can reportedly remain in the air for about two-and-a-half hours to conduct operations, but if it were to refuel from an air tanker, the aircraft would theoretically be able to fly constantly.

The DA stripped the F-4's, which were adopted in 1972, of their in-flight fueling and bombing capabilities because of their superb air-to-ground striking power. The DA retained in-flight fueling devices on the F-15's, which it later adopted, because, among other reasons, these fighters were primarily developed for dogfights.

However, the F-2 is a powerful support fighter that is superior in attacking ground targets as well as naval vessels. Therefore, it may be said the F-2 is a type of aircraft for which the DA should give "due consideration" in the same manner as it did in the case of the F-4.

The Air Staff Office says it is installing in-flight fueling devices on the F-2 because ASDF bases may be in danger of destruction in possible battles, as neighboring countries now possess fighters with greater cruising ranges and missiles with increased ranges. To prepare for such possibilities, it has become necessary for the ASDF to keep fighter aircraft on aerial alert. Therefore, the DA explains that in-flight fueling capability has become "essential" to extend the time that F-2's can remain in the air.

In the FY96 defense budget, plans are to appropriate funds to produce 11 F-2's. Eventually, 130 units are to be manufactured. It is reported that in-flight fueling devices have already been installed on the first and second test models built by Mitsubishi Heavy Industries, which is in charge of manufacturing the aircraft.

Meanwhile, no definite plans have been made to procure air tankers yet.

North Korea

DPRK Commentary Condemns ROK Mock Combat Exercise in U.S.

SK0203133996 *Pyongyang Korean Central Broadcasting Network in Korean*
1222 GMT 1 Mar 96

[Commentary by Kim Ho-sam: "Manifestation of a Reckless War Frenzy"]

[FBIS Translated Text] According to broadcast reports from Seoul, approximately 300 division-level commanders of the puppet armed forces left for the United States on 27 February to participate in a South Korea-U.S. mock combat exercise to be staged in the United States in March.

This detached force of the puppet armed forces led by the deputy commander of the South Korea-U.S. Combined Forces Command reportedly will stage for one week an exercise designed to improve a joint operations capability for a contingency on the Korean peninsula. What cannot be overlooked, in particular, is the fact that the puppets have revealed that the basic mission of this mock combat exercise is to further perfect operational procedures and cooperation among commanders and staff officers of divisions or higher military units and that they have also stressed that they would stage the exercise by using the ground troops used during the Gulf war as a model. This is a very grave military movement.

The military situation on the Korean peninsula is headed for an unpredictable explosive and dangerous phase. The South Korean puppets brought 90mm recoilless guns and other latest operational equipment along the Military Demarcation Line and into the DMZ and made the camps there into fortresses and are almost daily perpetrating military provocations.

They gave priority to air raid exercises, in particular. On 23 February, the puppets flew main-force fighters in large formations and staged an exercise simulating a mid-altitude infiltration into the sky over our side's area.

They staged similar aerial war exercises on 16, 20, and 21 February. Joining the puppets' adventurous war maneuvers, their master, the United States, is perpetrating more grave anti-Republic military commotions. The United States flew reconnaissance planes of various sorts and reconnoitered us on 170 occasions in February. The United States reconnoitered targets in our front line and in the East and West during these reconnaissance flights. Based on the data they gathered through these reconnaissances, they staged bombing exercises on the East coast with B-52 strategic bombers. Moreover, the

United States brought nuclear-powered submarines and the aircraft carrier Independence into the port of Pusan and placed them on constant alert, while making threats against us.

Under these tense circumstances, approximately 300 brass hats of divisions or higher military units will go to the United States and stage a joint mock combat exercise with the 3d U.S. Corps. How can we remain an onlooker to this situation?

After completing the joint aerial and maritime operational system with the U.S. imperialist aggression forces, the South Korean warmongers have completed a joint operational system with the U.S. Forces for ground warfare and are implementing this system.

What we cannot but consider to be grave is the fact that the puppets, in collusion with the U.S. imperialist aggression forces, are staging a mock combat exercise — designed to provoke a war of northward invasion — in earnest based on the operation plan of the Gulf war.

As military experts of the world acknowledge, past wars were conventional warfares, while the Gulf war was a test nuclear war in which the latest weapons were used. The puppets plan to stage a similar carnage on the Korean peninsula.

Truly, the joint mock combat exercise which the South Korean warmongers will stage in the United States is a deliberate maneuver to provoke a war of northward invasion at all costs and inflict a nuclear catastrophe on the entire nation. This is why the upcoming war exercise is very dangerous.

In the name of all fellow countrymen, we oppose and sternly condemn the Kim Yong-sam warmongers who, as nuclear-war servants for the U.S. imperialists, are anxious to ignite a fuse to a war to harm their fellow countrymen. No one can predict what catastrophe our fellow countrymen and our land will suffer if the South Korean warmongers' reckless war frenzy is left intact.

However, the South Korean warmonger must clearly know what tragic consequences the road to war will bring.

Our people and People's Army are keenly watching every movement of the Kim Yong-sam warmongers who, restless with war fever, lost reason.

Not forgiving warmongers is the revolutionary trait of our people and People's Army. The Kim Yong-sam ring had better stop the reckless and foolish act which it is committing like a puppy knowing no fear of a tiger.

What will be left for the warmongers is disgrace and death.

DPRK Daily Decries U.S.-ROK 'Lunatic' Military Exercise

SK0503123296 *Pyongyang Korean Central Broadcasting Network in Korean*
0853 GMT 5 Mar 96

[NODONG SINMUN 5 March commentary: "At What Is the Expeditionary Training Aimed?"]

[FBIS Translated Text] The United States and the South Korean puppets are staging a war game [chonjaeng pul-jangnan] called "a joint mock combat training" in Texas in the U.S. beginning 2 March. The warmaniacs allege that this training, with the participation of commanders and staff officers of the U.S. Third Corps and South Korean puppet army units above the division level, is aimed at mutual cooperation in operational procedures to cope with a possible contingency on the Korean Peninsula.

To participate in this training, some 300 puppet Army commanders headed by the deputy commander of the South Korean-U.S. Combined Forces Command went to the United States across the ocean on 27 February.

The training is being conducted in an extremely frenzied manner. This is an intolerable antinational, antipeace, and antireunification crime aggravating the situation on the Korean Peninsula and leading North-South relations to a more acute phase of confrontation and war.

We cannot but regard with grave concern the lunatic act of the South Korean puppets, who not only conduct the very dangerous war exercises in South Korea daily with foreign forces but stage the war commotions for northward invasion even in the U.S.

To camouflage the dangerous nature of the war game they are conducting with the United States, the puppets describe it as defensive. However, the schedule and contents of the training make clear that it is an expeditionary training designed to complete a surprise invasion of our Republic. This is manifest by the fact that included in the training are staff officers of U.S. military circles and the South Korean bellicose forces scheming to crush the DPRK militarily [taechoson kunsajok apsarul kkoeha-sun].

The warmaniacs at home and abroad have completed war preparations through various war game commotions, such as the Team Spirit joint military exercise — a preliminary war and a test nuclear war exercise against our Republic. If there is a pending issue for the warmaniacs connected with the war preparations for northward invasion, it is to assimilate and complete the scenario and operational methods for a second Korean war, which they have already prepared meticulously. The United States and the South Korean puppets are at-

tempting to solve this very problem through this training.

The U.S. bellicose circles and the puppets rave that the war game will be modelled on the ground war by the combatants in the Gulf war. This shows that the training is an adventurous war exercise for northward invasion to assimilate the so-called experience of the Gulf war, which was waged through surprise attack and all-out and three dimensional offensive operations mobilizing ultra-modern war equipment. In other words, it is part of preparations for exporting the Gulf war to the Korean Peninsula.

The facts clearly indicate that the United States and the South Korean puppets have taken another step towards the provocation of a second Korean war. The commotions of provoking a war of northward invasion by the U.S. bellicose forces and the puppets are an intolerable challenge and provocation against us, though we have been sparing no efforts for peace on the Korean Peninsula.

The detent and reunification raved about by the United States and the South Korean puppets are a false play of words [hotun maljangnan] designed to deceive public opinion. By this, they have thoroughly revealed their true colors as obstructors of peace, as warmaniacs, and as the unpardonable enemies of the Korean nation.

Even though the methods of the Gulf war, which the warmaniacs have advertised as a successful operation perfect in tactical and technical terms, may have worked on others, such a war play [chonjaeng yuhui] would never work with us. The United States and the South Korean puppets, who are bent on war preparations, would be well advised to cool themselves off and act with discretion.

DPRK Paper Warns U.S., ROK Against 'Second Korean War'

SK0503025596 *Pyongyang KCNA in English*
0238 GMT 5 Mar 96

["NODONG SINMUN on U.S.-S. Korea War Game" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, March 5 (KCNA) — The United States and the South Korean puppets started a joint mock combat in Texas on Feb. 2 with the participation of commanders and staff officers of the U.S. Third Corps and South Korean puppet army units above the division level.

They have alleged that the training is aimed at "mutual cooperation for operation procedures" to cope with possible "contingency" in the Korean peninsula.

NODONG SINMUN today says the training is an intolerable anti-national, anti-peace and anti-reunification criminal act which has intentionally aggravated the situation of the peninsula and driven inter-Korean relations to a more acute phase of confrontation and to the brink of war.

The daily further says:

The puppets are describing the training as "defensive" to camouflage its danger. But the schedule and contents of the training make clear that it is an "expeditionary training" designed to complete the method of surprisingly invading the north of Korea.

The U.S. bellicose elements and the South Korean puppets have said the training would be "modelled on the ground war by the combatants" in the Gulf war. In other words, it is part of preparations for exporting the Gulf war to the Korean peninsula.

The fact clearly indicates that they have taken another step towards the provocation of the "second Korean war."

Even though the Gulf war, which the warmaniacs have advertised as a "successful operation perfect in tactical and technical terms", may work on others, it can never be available in case of the North of Korea.

The U.S. and its South Korean puppets would be well advised to cool themselves bent on war preparations and act with discretion.

DPRK: U.S. Alleged Endorsement of Kwangju Crackdown Noted

SK0103120396 Pyongyang KCNA in English
0525 GMT 1 Mar 96

[FBIS Transcribed Text] Pyongyang, March 1 (KCNA) — It has been brought to light that at the time of the May 1980 Kwangju incident, the United States backed the traitor Chon Tu-hwan-headed new military and granted a beforehand approval of armed crackdown on the uprising, a Seoul-based radio reported.

The **JOURNAL OF COMMERCE**, a business newspaper of the U.S., disclosed this fact on February 27, citing a classified diplomatic document of the U.S. Government concerning the Kwangju incident.

According to the document, the White House called an emergency measure meeting of military bosses on May 22, 1980 and came to the conclusion that it should support the new military led by Chon Tu-hwan in armed crackdown on Kwangju. The U.S. ambassador to South Korea informed the puppet foreign minister of this conclusion, which they agreed should be kept in top secrecy.

On May 9, the ambassador personally notified Chon Tu-hwan that the U.S. Government endorsed his agreement to the new military's plan to replace the riot police with Army troops.

On May 8, the U.S. undersecretary of state told the U.S. ambassador to South Korea that the United States should not oppose the planned suppression of the uprising by Armed Forces. The U.S. intelligence authorities in Seoul said the Seventh Paratroops Brigade was deployed near Kwangju to cope with student protests in the city.

This is patent proof that the U.S. Government endorsed military crackdown on the Kwangju uprising and that its insistence on having no beforehand information about the dispatch of paratroops to Kwangju is a lie.

DPRK: ROK Groups Expose Alleged Bribery Cases
SK0103121996 Pyongyang KCNA in English
0822 GMT 1 Mar 96

[FBIS Transcribed Text] Pyongyang, March 1 (KCNA) — Members of seven environmental and citizens' organisations in South Korea including the Citizens' Federation for Economic Justice and the Alliance of Environmental Movement held a demonstration in front of the head office of the Elji Group on February 27 in denunciation of bribery, a Seoul-based radio reported.

This group has offered bribes to "national assemblymen" and officials concerned to calm down the accident which polluted the South Sea.

In this connection, members of the environmental and citizens' organisations urged prompt compensation for the damage from the accident.

They declared that they would launch an extensive movement for boycotting products of the group in case it fails to take an active part in the rehabilitation.

DPRK Paper Denounces ROK's 'Separatist' Diplomacy

SK0203114996 Pyongyang Korean Central Broadcasting Network in Korean
0853 GMT 1 Mar 96

[**NODONG SINMUN** 1 March commentary: "Mean, Filthy Panhandler Racket"]

[FBIS Translated Text] The South Korean puppets are working out a scenario on reunification diplomacy relying on outside forces.

By sending experts on reunification affairs to Germany, Yemen and many other countries, the South Korean puppets had them research the experiences of divided countries obtained in the course of their unification. By

busily making junkets to Asian countries, the puppets asked them to support the resumption of dialogue between North and South Korea.

This is indeed a servile and ridiculous act. The attempt to resolve the reunification issue — the supreme national task — by asking for others' help is a fool's preposterous act.

Korea's reunification is our nation's internal issue, and the issue's driving force are the Korean people themselves. This being the case, the reunification question should be resolved through the Korean people's own strength. It is clear that no one can resolve the reunification question on behalf of the Korean people.

As for the issue of the resumption of North-South dialogue, which the puppets loudly talked about, it is nothing but a cunning deceitful propaganda aimed at increasing their popularity by concealing their separatist color and by misleading the public opinion as if they were interested in national reunification.

As the world officially recognizes, the ringleader who reduced the North-South agreement and the joint denuclearization declaration into a scrap of paper by resuming the Team Spirit nuclear war exercise suspended in the later stage of the Sixth Republic's military fascist rule, and who had comprehensively blocked and frozen North-South dialogue by raving about nonexistent nuclear threat from the North and by claiming that he cannot shake hands with one possessing nuclear weapons, is none other than the puppet traitor Kim Yong-sam.

Furthermore, the Kim Yong-sam group, aside from expressing condolences to fellow countrymen at the time of misfortune, leveled guns at them, and advanced along the road of fascist repression and betrayal. He is indeed the intolerable national traitor who rendered North-South relations to the worst antagonism and confrontation.

Even at this moment, the puppets, drawing blood-stained bayonets, are bestially oppressing the struggle of the South Korean people for independence, reunification and democracy, and dashing along the road of confrontation and antagonism by regarding us as the enemy.

The Kim Yong-sam group arrested and imprisoned the people who visited Pyongyang with aspirations of national reunification on the charge of violating the National Security Law, thus persecuting them.

As was shown in the shush fund, the Kim Yong-sam puppet clique, the boss of illegal profiteering, is seeking only personal interests and benefits through irregularities, being engrossed with ambition for power.

The Kim Yong-sam group is not interested in improving North-South relations and in resolving the reunification question.

Whenever the puppets faced a crisis in their rule, they fabricated various slanderous incidents, such as the incident of a spy group, and indiscriminately arrested and imprisoned the patriotic reunification personages. From the beginning of this year, the Kim Yong-sam puppet clique staged each day large-scale war exercises against us, together with outside forces or independently. Thus, they are leading the situation in the Korean peninsula to the brink of war.

These rascals are staging a farce of asking for the support for the resumption of North-South dialogue by loudly talking about reunification. Their act indeed mocks and ridicules reunification.

If the puppets are truly interested in resuming North-South dialogue, they should first apologize to the nation for their anti-moral and antinational crimes committed against the nation, and should remove and dissolve notorious legal and systematic mechanism, as well as the physical barrier, which are blocking North-South relations.

The puppets, who in collusion with outside forces are pursuing war, not reunification and peace, and frantically running amok to crush fellow countrymen, are now staging a farce by asking for support in the resumption of North-South dialogue. Seeing this, the conscientious people of the world are giving a bitter smile, and spitting on the puppets' mean and filthy act.

No one with reason in the world would dance to the tune of the puppets, who are running wild with separatist diplomacy and with a farce of asking for the erroneous support. If one accepts their request, it would mean an act of interfering in other's domestic affairs and cannot avoid international denunciation.

In particular, the act of turning over war equipment to the South Korean puppets and of complying with their separatist request will only constitute a crime of instigating confrontation on the Korean peninsula and of maintaining division. This act goes against international convention, and is very harmful to Korea's reunification.

The South Korean puppets' antinational farce of requesting the support for reunification by depending on outside forces more undisguisedly shows their antireunification and separatist color.

No one should pay any attention to the South Korean puppets' panhandler act for the reunification question [toagil munje tongyangjile]. The puppets should act with discretion.

DPRK: South Pomminnyon Criticizes ROK for 'Persecuting' Members

SKD103121796 Pyongyang KCNA in English
0820 GMT 1 Mar 96

[FBIS Transcribed Text] Pyongyang, March 1 (KCNA) — The South side headquarters of the National Alliance for the Country's Reunification (Pomminnyon) issued a statement January 19, accusing the South Korean authorities of persecuting members of the headquarters on charges of being "spies" after arresting them last year.

The statement charged that with a plot against reunification and the nation, the Kim Yong-sam group brand the regular, independent activities of the South side headquarters for reunification as "spying activities."

The South side headquarters will not yield to suppression by the Kim Yong-sam regime and the "Agency for National Security Planning" but will continue more brisk exchanges between South, North and overseas Koreans as self-determined, regular activities of Pomminnyon so as to pave the way for reunification and build a unified state through confederacy, the statement declared.

DPRK: ROK Author Criticizes National Security Law

SKD103124096 Pyongyang KCNA in English
0829 GMT 1 Mar 96

[FBIS Transcribed Text] Pyongyang, March 1 (KCNA) — Choe Chang-tong, former central member and deputy co-chairman of the Pusan-South Kyongsang Provincial Council of Teachers' Council for Democracy of the National Council of Teachers' Council for Democracy, published a book titled "Why Is the National Security Law Problematic," according to a report.

The author wrote that the "National Security Law" is now being criticized as the most vicious evil law in the world and is throwing a revealing light on the whole aspect of South Korea which is fostering division, confrontation and contradictions on the Korean peninsula and winning infamy for its violation of human rights and suppression of ideology.

As long as the law is in force, neither independence, peaceful reunification nor genuine national liberation will be realized, the author said, adding:

The way to independence and peaceful reunification is to remove the wire entanglements along the Military Demarcation Line and the "legal" barbed wire called "National Security Law."

DPRK: Overseas Pomminnyon Urges ROK To Abolish Security Law

SKD203111796 Pyongyang KCNA in English
0953 GMT 2 Mar 96

[FBIS Transcribed Text] Pyongyang, March 2 (KCNA) — The overseas committee for emergency measures for defence of the National Alliance for the Country's Reunification (Pomminnyon) and release of pro-reunification patriots issued a statement denouncing the puppet authorities of South Korea for their vicious suppression of the South side headquarters of Pomminnyon.

The statement said:

The South Korean authorities must clearly know that Pomminnyon is an immortal organisation and a precious success of significance in national history gained in the struggle for reunification through confederacy.

They must immediately discard the groundless "spying" charges against Pomminnyon and fully ensure the activities of the South side headquarters of Pomminnyon.

In the name of all the Koreans, we strongly urge the South Korean authorities to abolish the "National Security Law" and release all the pro-reunification patriots at once.

DPRK: ROK's Kim Yong-sam Denounced for Remarks

SKD503092996 Pyongyang KCNA in English
0855 GMT 5 Mar 96

["MINJU CHOSON Comments on Kim Yong-sam's Remarks" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, March 5 (KCNA) — The so-called "Ceremony for Marking the March 1 Uprising" held by the traitor Kim Yong-sam is an unpardonable mockery of and insult to the anti-Japanese popular uprisers in 1919 and his remarks there are intolerable outcries.

So says MINJU CHOSON in a commentary today.

The news analyst goes on:

It must not go unnoticed that in his "address" the traitor tried to shift the responsibility for the worsening of inter-Korean relations and the failure of inter-Korean dialogue on to the North, slandering it again. This can be done only by a person who is accustomed to distorting the reality and telling a lie.

No sooner had the traitor Kim Yong-sam taken office than he totally blocked the inter-Korean dialogue, which had been held at the time of his preceding military dictatorial regime, and drove the inter-Korean relations to

the worst phase with confrontation and war manoeuvres against the North. It is none other than the Kim Yong-sam group that cried out for establishment of "cooperation system" to do harm to the North, circulating the fictitious "threat from the North" together with outside forces, and conducted request diplomacy, begging diplomacy while visiting foreign countries in an attempt to realize their wild ambition for "unification of systems" and "unification by prevailing over communism".

Moreover, when we were at the bitterest state funeral, the Kim Yong-sam group committed thrice-cursed crimes. Far from mourning over it, they levelled guns at the North and ruthlessly cracked down on South Korean students and people who were sharing sorrow with the fellow countrymen.

This anti-reunification traitor slanders the North, clamouring about "inter-Korean relations" and "dialogue." This is reminiscent of a thief crying "Stop thief."

"Dialogue" and "improvement of relations" on his lips is a trick to conceal his anti-reunification, bellicose colors and mislead public opinion.

DPRK Paper Comments on Trial of Ex-ROK President Chun

SK0203054596 *Pyongyang KCNA in English*
0401 GMT 2 Mar 96

[NODONG SINMUN on Trial of Chon Tu-hwan" — KCNA headline]

[FBIS Transcribed Text] *Pyongyang, March 2 (KCNA)* — NODONG SINMUN today comments on the first hearing of the shush fund scandal of the traitor Chon Tu-hwan held at the puppet Seoul district court on Feb. 26.

The news analyst says:

At the trial, Chon Tu-hwan took an offensive attitude, holding his head high all along while the prosecutor made passive inquiries. This showed what kind of trial the Kim Yong-sam group staged.

Chon could behave haughtily at the court because he was internally connected with, and backed by, the traitor Kim Yong-sam. The trial turned out to be a false one, deceptive and perfunctory, to bury into obscurity the truth of Chon's "secret funds." Its process showed that Kim Yong-sam arrested and tried Chon Tu-hwan in an attempt to divert the sharp public criticism concerning his involvement in No Tae-u's shush fund scandal.

DPRK Crewmen's Return Via Panmunjom Reported

SK0503035496 *Pyongyang KCNA in English*
0343 GMT 5 Mar 96

[FBIS Transcribed Text] *Pyongyang, March 5 (KCNA)* — Crew of the trade cargo ship "Yombunjin" of the Democratic People's Republic of Korea returned to the North through Panmunjom at 11 AM (0200 GMT) today.

The ship was recently wrecked by high waves in open waters of the East Sea of Korea.

Two of its crew who were adrift at the mercy of waves were taken by a South Korean patrol boat.

While in South Korea, they held fast to their revolutionary faith, missing the Workers' Party of Korea, and returned to the beloved homeland today.

Upon crossing the central demarcation line, they shouted "Long live the great leader General Kim Chong-il!" hardly repressing their emotion and happiness over their returning to him, without whom they could live any longer.

They were warmly greeted at Panmunjom by Vice-chairman of the Central Committee of the DPRK Red Cross Society Choe Chun-hyon, senior officials of the Ministry of Marine Transport and other officials concerned.

DPRK: Libyan, Indian Press Cited on 'Arms Buildup' in ROK

SK0203111696 *Pyongyang KCNA in English*
0955 GMT 2 Mar 96

[FBIS Transcribed Text] *Pyongyang, March 2 (KCNA)* — The Libyan paper AS SHAMS carried an article denouncing the announcement of the U.S. Defense Department spokesman that it would deploy more than 40 anti-missile batteries in South Korea.

This measure of the United States is aimed at realizing its aggressive military design on the Korean peninsula and blocking all efforts for the reunification of Korea by aggravating tensions and fostering instability.

The Indian paper NATIONAL HERALD laid bare the arms buildup of the South Korean authorities.

The military budget of South Korea is far greater than the total military budgets of the Netherlands, Spain, Turkey and Greece, member nations of NATO, it said.

Pointing out that South Korea is going ahead of other Asian nations in the purchase of arms, it added:

Most of countries are decreasing military spendings, but South Korea is drastically increasing them and expanding munitions industry.

DPRK: South Pomminnyon Denounces ROK for 'Persecuting' Woman

SK0203111896 *Pyongyang KCNA in English*
0940 GMT 2 Mar 96

[FBIS Transcribed Text] Pyongyang, March 2 (KCNA) — The South side headquarters of the National Alliance for the Country's Reunification (Pomminnyon) released a statement on February 12 denouncing the Kim Yong-sam fascist clique for persecuting a woman Ko Ae-sun, a former section chief of the Independent Reunification Committee of the Kwangju-South Cholla Provincial Alliance for Democracy and National Reunification, according to a report.

The fascist clique had sought her for her distribution of copies of a newspaper on the pan-national rally and for her involvement in Pomminnyon. On December 4 last year, they arrested her, who was eight months pregnant with a baby, by mobilising the "security investigation corps".

The statement said that the inhuman atrocity was an inevitable product of the properties of the Kim Yong-sam regime.

Pomminnyon will not overlook this incident with folded arms, it added.

It stressed that the people would severely judge this thrice-cursed atrocity under any circumstances.

DPRK: ROK Group Urges Defense of Sovereignty Against Japan

SK0303065796 *Pyongyang KCNA in English*
0622 GMT 3 Mar 96

[FBIS Transcribed Text] Pyongyang, March 3 (KCNA) — The National Alliance for Democracy and National Reunification and five other dissident organisations in South Korea called a press conference in Seoul on February 29, at which they said that Japan has not abandoned the militaristic design as yet and urged the South Korean authorities to fight in defence of sovereignty, according to a radio report from Seoul.

They demanded that the Japanese Government make an official apology and state reparation for the occupation of Korea by the Japanese imperialists.

DPRK Daily Urges 'New Phase of Peaceful Reunification'

SK0103123996 *Pyongyang KCNA in English*
0858 GMT 1 Mar 96

["Papers Call For Opening New Phase of Peace and Reunification With Nation's Great Unity" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, march 1 (KCNA) — NODONG SINMUN and MINJU CHOSON today dedicate editorials to the 77th anniversary of the March 1 popular uprising (March 1, 1919).

The March 1 popular uprising, triggered in Fyongyang, was an eruption of the pent-up grievances and resentment of the Korean people against the vicious colonial rule of the Japanese imperialists. It was a nationwide anti-Japanese resistance to retake the occupied motherland and establish the sovereignty of the nation, NODONG SINMUN in an editorial says, and continues:

The uprising swept the whole country in a flash and even spread to overseas Korean residential quarters.

The uprising stroke a telling blow at the Japanese imperialists' colonial rule.

It left a bloody lesson that if the popular masses is to win victory in a revolutionary struggle they should be led by a great leader before anything else and that they should fight armed enemy with arms.

The century-old desire of the Korean people for the appearance of an outstanding leader, who would lead the anti-Japanese national liberation movement to victory, was fully realized when the great leader Comrade Kim Il-song set out on the road of revolution.

Comrade Kim Il-song founded the immortal chuche idea, advanced correct lines and strategy and tactics for the Korean revolution and led the anti-Japanese revolutionary struggle to a brilliant victory, eventually realizing the historic cause of national restoration.

The desire of those who rose in the March 1 uprising has not yet been realized in a half of the country. The national sovereignty and democratic freedom of the South Korean people are mercilessly trampled down under the colonial fascist rule of outside forces still now.

The Cold War has come to an end, the North-South agreement, the topic of which is nonaggression, and the DPRK-U.S. framework agreement were adopted and have taken effect and the DPRK-U.S. negotiations on LWR [light-water reactor] supply has been settled. But, peace, which should have been settled in Korea, has not yet come and big hurdles are still lying in the way ahead of the Korean nation for peaceful reunification.

It is the behests of the respected leader Comrade Kim Il-song and the iron will of the great leader Comrade Kim Chong-il to secure peace on the Korean peninsula, attain the nation's great unity and achieve the historic cause of national reunification at an earlier date.

We must defend the peace of the country, promote the great national unity and open a new phase of peaceful reunification on any account this year under the leadership of Comrade Kim Chong-il true to the behests of Comrade Kim Il-song.

DPRK: Korean Traders Federation in Japan Marks Anniversary

*SK0103120696 Pyongyang KCNA in English
0410 GMT 1 Mar 96*

[FBIS Transcribed Text] Pyongyang, March 1 (KCNA) — A meeting to mark the 50th anniversary of the formation of the Federation of Korean Traders and Industrialists in Japan was held in Tokyo on February 26, according to a KNS report from Tokyo.

"The Order of Kim Il-song" was awarded to the federation which has covered the road of patriotism under the leadership of the great leader Generalissimo Kim Il-song and the respected Marshal Kim Chong-il without vacillation over last 50 years.

Han Tok-su, chairman of the Central Standing Committee of the General Association of Korean Residents in Japan (Chongnyon), said in his speech: It is entirely thanks to Generalissimo Kim Il-song and Marshal Kim Chong-il who have wisely led the Korean residents in Japan with the original idea of overseas compatriot movement and the policy of the Korean traders and industrialists in Japan by brilliantly embodying the chuche idea that the Korean traders and industrialists in Japan have successfully done worthwhile patriotic work over last decades.

A report was made there.

Tomiichi Murayama, former prime minister of Japan and leader of the Japan Social-Democratic Party, and Tetsuji Honma, president of the East Asia Trade Research Board of Japan, who participated in the meeting as guests made speeches.

DPRK: Chongnyon Official Calls on Rescued DPRK Fishermen

*SK0103120496 Pyongyang KCNA in English
0529 GMT 1 Mar 96*

[FBIS Transcribed Text] Pyongyang, March 1 (KCNA) — Ho Chong-man, chief vice-chairman of the central standing committee of the General Association of Ko-

rean Residents in Japan (Chongnyon), on February 27 reportedly called at the hospital in Tsuruga city, Japan, where the Korean fishermen receive medical treatment. They were miraculously rescued after 50 day-drift in the East Sea of Korea.

He consoled them shaking hands with them one by one.

Noting that they fully displayed the noble spirit of the Korean people through their struggle, he said: "The homeland is very anxious about you. You should recover your health as early as possible and return home where the respected General Kim Chong-il is awaiting you."

DPRK: Russian Figure Gives Impressions of DPRK

*SK0103124796 Pyongyang KCNA in English
0901 GMT 1 Mar 96*

[FBIS Transcribed Text] Pyongyang, March 1 (KCNA) — Yu.S. Puzintsev [name as received], first secretary of the Krasnoyarsk city committee of the Communist Party of Russian Federation, said that the Workers' Party of Korea [WPK] is striving for the happiness of the people and the prosperity and bright future of the country.

Referring to his impressions of Korea, he said:

In the whole period of leading the socialist revolution and construction, the WPK has conducted all its activities, always keeping the interests of the people above all else and has made remarkable achievements in this work.

It is carrying on the revolution and construction for the future.

As it is a contingent of those who are most faithful and steadfast to its cause and leader, it has creditably played its guiding role in the revolution and construction.

Under the leadership of the party, the Korean people are now devotedly working to implement the behests of the great leader Comrade Kim Il-song, the founder of the Democratic People's Republic of Korea and the Workers' Party of Korea and an intelligent man.

Comrade Kim Il-song was an intimate and precious man not only for the Korean people but also for the Russian communists, all the communists of the former Soviet Union.

We extend thanks to the great leader Comrade Kim Chong-il for giving us opportunities to see and learn a lot of things.

**DPRK: Zaire Lumumba Democratic Party
Delegation Arrives**

SK0203134296 *Pyongyang KCNA in English*
1000 GMT 2 Mar 96

[FBIS Transcribed Text] Pyongyang, March 2 (KCNA) — A delegation of the Lumumba Democratic Party of Zaire led by its Secretary General Ngoy Nduba Kamatanga [name as received] arrived here on Saturday.

It was met at the airport by Secretary Hwang Chang-yop and Vice-director of a department Choe Chin-su of the Central Committee of the Workers' Party of Korea.

**DPRK: Zaire Party Delegation Pays Homage to
Kim Il-sung**

SK0303070696 *Pyongyang KCNA in English*
0630 GMT 3 Mar 96

[FBIS Transcribed Text] Pyongyang, March 3 (KCNA) — A delegation of the Lumumba Democratic Party of Zaire led by its Secretary General Ngoy Nduba Kamatanga on March 2 visited the statue of the Great Leader President Kim Il-sung on Mansu Hill in Pyongyang and paid homage to him.

They laid flowers and made bows before the statue with deep reverence for President Kim Il-sung, who performed undying exploits for global independence.

DPRK: Zaire Party Delegation Feted 2 Mar

SK0303070896 *Pyongyang KCNA in English*
0636 GMT 3 Mar 96

[FBIS Transcribed Text] Pyongyang, March 3 (KCNA) — The Workers' Party of Korea Central Committee gave a dinner for the delegation of the Lumumba Democratic Party of Zaire on March 2.

Invited to the dinner were the members of the delegation led by the Party's Secretary General Ngoy Nduba Kamatanga.

Secretary of the WPK Central Committee Hwang Chang-yop, addressing the dinner, said the Lumumba Democratic Party of Zaire, opposed to foreign intervention, has been consolidating national independence and expanding its ranks, while invigorating activities to attain alliance and unity among progressive parties including the Lumumbist forces.

He sincerely hoped that the party will achieve bigger success in its activities.

"National independence against imperialism is a common idea of the two parties," he said, adding that "the Workers' Party of Korea will do its best to strengthen and develop the relations of friendship and cooperation with the Zairean Lumumba Democratic Party."

Secretary General Ngoy Nduba Kamatanga said that his party has a deep sense of trust in the Great President Kim Il-sung, the Great Leader Comrade Kim Chong-il and the ever-victorious Workers' Party of Korea.

"The WPK is a symbol of true victory and a model that all parties should follow," he said.

"The Korean people set great store by the nation's sovereignty."

"History shows what an arduous struggle the Korean people have waged for genuine freedom and prosperity," he said. "We will actively follow the chuche idea and the examples set by Korea."

**DPRK Papers Mark Libya's Jamahiriya
Proclamation**

SK0203111496 *Pyongyang KCNA in English*
0944 GMT 2 Mar 96

["Anniversary of Proclamation of Jamahiriya in Libya Marked" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, March 2 (KCNA) — Papers here today observe the 19th anniversary of the proclamation of Jamahiriya in Libya (March 2, 1977).

NODONG SINMUN notes that the proclamation was a historic event of great significance in the struggle of the Libyan people for building a new society independent and prosperous.

Since the foundation of the Socialist People's Jamahiriya the Libyan people have frustrated the repeated military threats and economic blockade of the imperialists, firmly defended national sovereignty and achieved great success in the efforts for building a prosperous, new society under the leadership of Mu'ammār al-Qadhafi, leader of the great September First Revolution.

In foreign relations, the Libyan Government, a non-aligned nation, maintains an independent stand against imperialism and develops friendly and cooperative relations with Arab countries and other countries in the world.

Today, the Libyan people are advancing along the road of independent development chosen by themselves in spite of the intensified blockade of the imperialists.

The friendly relations between the peoples of the DPRK and Libya have been developed in the common struggle against imperialism and for independence.

The Korean people will continue to make effort to develop the friendly and cooperative relations with the Libyan people in the future, too.

A signed article of MINJU CHOSON says that the Korean people sincerely wish the Libyan people greater success in the struggle for national dignity, sovereignty and prosperity under the banner of independence against imperialism.

DPRK: Yang Hyong-sop Greets Bulgarian People's Assembly Chairman

SK0103121296 *Pyongyang KCNA in English*
0354 GMT 1 Mar 96

[FBIS Transcribed Text] Pyongyang, March 1 (KCNA) — Yang Hyong-sop, chairman of the Supreme People's Assembly of the DPRK, sent a message of greetings to Vlagovest Sendov (name as received), president of the National Assembly of Bulgaria, on the occasion of the national day of Bulgaria.

The message expressed the belief that the friendly relations between the parliaments of the two countries would develop on good terms and wished him success in his work.

DPRK: Kye Ung-tae Attends Shooting Hall Opening Ceremony

SK2902113096 *Pyongyang KCNA in English*
0825 GMT 29 Feb 96

[FBIS Transcribed Text] Pyongyang, February 29 (KCNA) — The Meari shooting hall was erected in Chongchun Street, Pyongyang.

The hall with an area of 10,000 square meters is equipped with an indoor range and an open-air range for various shooting events.

There are also a computer game room, a store, a restaurant and other service facilities in the hall.

The opening ceremony took place at the hall on February 28.

Present at the ceremony were Secretary of the Central Committee of the Workers' Party of Korea Kye Ung-tae, who is also member of the Political Bureau of its Central Committee, and Chang Chol, vice-premier of the Administration Council.

DPRK: Kim Chong-il's Birthday Celebrated by Overseas Koreans

SK2902110396 *Pyongyang KCNA in English*
0748 GMT 29 Feb 96

[FBIS Transcribed Text] Pyongyang, February 29 (KCNA) — Overseas Koreans held colorful events on the occasion of the birthday of the great leader Comrade Kim Chong-il.

Korean social scientists in Japan held a symposium at the Korean press hall in Tokyo on February 24 to study the great ideas of the respected Marshal Kim Chong-il.

Hyon Won-sok, chairman of the Association of Korean Social Scientists in Japan, in his report elaborated on the international seminar on the chuche idea for independence, peace and friendship held in Moscow some time ago.

He said that it is an international trend to study the ideas and theories of the respected General Kim Chong-il.

The speakers referred to the noble ideas of the works of Marshal Kim Chong-il, his ideological and theoretical exploits and the theoretical and practical significance of his works.

The organisations under the General Association of Korean Residents in Japan and Koreans in all parts of Japan held meetings and DPRK-Japan friendly gatherings and the 10th soccer championships of middle and high schools of Koreans in Japan took place marking the February holiday, the birthday of Marshal Kim Chong-il.

A celebration meeting and an art performance were organised at the cultural hall in Soldatski District, Tashkent region on Feb. 15 and a photo and book exhibition and an art performance at the Naboi grand theatre in Tashkent under the sponsorship of the Uzbek Korean Association (Unity).

Celebration events were also held by organizations of the Uzbek Korean Association (Unity) in regions, cities, districts, kolkhozs, sovkhozs and rural villages.

DPRK: ROK Professor Writes Book on Kim Chong-il's Virtues

SK0103124296 *Pyongyang KCNA in English*
0826 GMT 1 Mar 96

[FBIS Transcribed Text] Pyongyang, March 1 (KCNA) — "The Sun of the Political World", a book published in South Korea, carried a treatise "The Leader Kim Chong-il, Great Star of Political Circle" a treatise by Yi Hyong-ki, a professor of politics in South Korea. This is the third article of the book, which deals with the authority and moral virtue of the great leader Comrade Kim Chong-il.

The author of the treatise says:

The leader Kim Chong-il enjoys absolute authority not only as a supreme leader of a country but also as a leader who moves the world, taking the helm of era.

The treatise goes on:

The leader Kim Chong-il is a great master of idea and theory who has perfectly personified the *chuche* idea of President Kim Il-song and a saviour of destiny who illumines the world with it and gives soul to humankind to live as master of their destiny. This is why the world people highly respect and follow him as "the sun of *chuche*".

As soon as he started his political activities, he has enjoyed popularity among the people and appeared as a leader with a great ambition. He is the great star of political circle.

He has upheld President Kim Il-song as an immortal sun and teacher before and after his death, regarding himself as his eternal soldier and disciple, and carries forward his cause. He is, indeed, the greatest man the whole world looks up to.

The leader Kim Chong-il, who saw it that President Kim Il-song is preserved in state at the Kumsusan Memorial Palace and is continuing only the political program of loyalty to the president, is a great teacher of moral politics who has taught all politicians of the planet by himself that they should become true persons who know morality and obligation before becoming politicians.

Only when we follow the leader Kim Chong-il who has greatest idea, leadership and moral dignity can we achieve national reunification and eternal prosperity and meet a bright future of global independence.

DPRK Daily on Kim Chong-il's Work on 'Abuses of Socialism'

SK0103122096 Pyongyang KCNA in English
0911 GMT 1 Mar 96

["Work Giving Confidence in Invincible Socialism" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, March 1 (KCNA) — NODONG SINMUN today carries an article upon the lapse of three years since the great leader Comrade Kim Chong-il published the celebrated work "Abuses of Socialism Are Intolerable" on March 1, 1993.

The famous work fully reveals the false, reactionary nature of the anti-socialist propaganda by the foes of socialism and clarifies principled matters vital to defending the socialist cause and ways of resolving them, the paper says, and goes on:

It proves in a scientific way that their abusing socialism as being "totalitarian", "barracks-like" and "administrative and commanding" is, in essence, little different from the imperialists' old smear campaign against socialism and their preposterous assertions are hardly a matter for serious argument. It also gives a full explanation of the

intrinsic advantages of socialism and gives an exposition of the idea that if socialism is to be defended, the popular masses should make it their faith and moral obligation to defend socialism and thoroughly apply the collectivist principle to all spheres of the social life.

Referring to the significance of the work, the paper says:

The significance of the work is found in that it serves as a powerful ideological weapon for frustrating the anti-socialist propaganda by the imperialists and traitors to socialism and gives a perfect understanding of genuine socialism to the revolutionary people championing socialism. It is also manifested in that the work clearly indicates strategies and tactics necessary in the struggle to defend socialism.

With abuses of socialism being proved to be a far-fetched sophism by the work, the smear campaign by the imperialists and the traitors to socialism have gone busted and the true color of the socialist renegades as lackeys serving the imperialists have been laid bare.

The paper further says:

The socialist idea of *chuche* makes clear that socialism is the most progressive society where the popular masses are the masters of everything and everything serves them, a society which constantly develops by their concerted efforts. This is the intrinsic advantages and appearance of socialism.

The work elucidates ideas and theories of making the popular masses the masters of politics, letting the party and the states fully care for the people, tightening the unity of the whole society, fully ensuring the political leadership and centralistic planned guidance for socialist economy by the party and the state and defending socialist ownership. They show the revolutionary people what genuine socialism is like and how to build it.

DPRK: Kim Chong-il Receives Gifts From Foreign Countries

SK0103120896 Pyongyang KCNA in English
0417 GMT 1 Mar 96

[All non-Korean names are as received]

[FBIS Transcribed Text] Pyongyang, March 1 (KCNA) — The great leader Comrade Kim Chong-il received gifts from Josept Msika, national chairman of the Central Committee of the Zimbabwe African National Union-patriotic Front, and Duiso Dabengwa, minister of home affairs of Zimbabwe, on the occasion of his birthday.

The gifts were handed to the DPRK ambassador to Zimbabwe.

The minister of home affairs told the Korean ambassador that his gift, a bell, shows the outstanding and tested leadership ability of Comrade Kim Chong-il, the great leader of our era, who has led the Korean people and the world progressive people to victory, ringing the bell of chuche and the bell of independence.

Comrade Kim Chong-il was presented with a "tea table" by the Zimbabwean National Committee for the Study of the Chuche Idea and the Zimbabwe-Korea Solidarity and Friendship Association and an oil-painting portraying peace, happiness and stabilization by the group for the study of the chuche idea of Kim Il-song-Kim Chong-il in Vienna, Austria.

Gifts came from Gustavo Arredondo Alvarez, national special advisor in the international secretariat of the national executive committee of the Institutional Revolutionary Party of Mexico, the chief of the Mexican group for the study of the chuche idea, Leino Niskanen, member of the Central Committee of the Finnish Committee for the study of the chuche idea, and Anna-liisa Jokinen, chairman of the Turku branch of the Finland-Korea Association and former member of parliament.

Gifts were handed to officials of the Korean embassies.

DPRK: Kim Chong-il Thanks Units' Officials, Workers

*SK0103120196 Pyongyang KCNA in English
0520 GMT 1 Mar 96*

[FBIS Transcribed Text] Pyongyang, March 1 (KCNA) — The great leader Comrade Kim Chong-il sent thanks to officials and working people of different units including officials of the Yanggang Provincial Party Committee and people in the province, Pyongyang municipal shoes wholesale store, dependent family members in Yonhwa-tong No.1, central district, Pyongyang, and Kim Hye-yong, worker of Hyangmannu shop, for their sincere assistance to the People's Army.

Comrade Kim Chong-il also gave thanks to officials and employees of the Changgwang service bureau in Pyongyang, the Moranbong joint venture company, Tongdaewon garment factory and Pyongyang cosmetics factory for doing good things for society and the collective.

DPRK: Kim Chong-il Greeted by Foreign Party Leaders

*SK0203065096 Pyongyang KCNA in English
0347 GMT 2 Mar 96*

[Spellings of names as received]

[FBIS Transcribed Text] Pyongyang, March 2 (KCNA) — The great leader Comrade Kim Chong-il received

messages of greetings from foreign party leaders on the occasion of his birthday.

They came from V. Tyulkin, first secretary of the Central Committee of the Communist Workers' Party of Russia; Nina Andreyeva, general secretary of the Central Committee of the All-Union Communist Party of Bolsheviks; Oleg Shenin, chairman of the Council of the Union of Communist Parties-the Communist Party of the Soviet Union; Viktor Anpilov, chairman of the Executive Committee of the "Working Russia" Movement; Boris Petkov, chairman of the Executive Council of the Central Committee of the Bulgarian Communist Party (Marxist); Zbigniew Wiktor, chairman of the National Executive Committee of the Polish League of Communists "Proletariat"; Boleslaw Jazczuk, chairman of the Central Committee of the Leftist Radical Party of Poland; Roberto Gabriele, general secretary of the Movement for Peace and Socialism of Italy; Aleka Papariga, general secretary of the Central Committee of the Communist Party of Greece; Rolf Hagel, chairman of the Communist Party of Sweden; Klaus Riis, chairman of the Central Committee of the Communist Party (M-L) of Denmark; Nayef Hawatimeh, secretary general of the Palestine Liberation Democratic Front; Llewelyn John, leader of the People's Democratic Movement of Guyana; Leslie Ramsammy, leader of the United Republican Party of Guyana; Terence A. Marryshow, political leader of the Maurice Bishop Patriotic Movement of Grenada; Christian Celeste, general secretary of the Communist Party of Guadeloupe; Joao Amazonas, chairman of the Central Committee of the Brazilian Communist Party; Gladys Marin, general secretary of the Central Committee of the Communist Party of Chile; Ruben Dario Sousa, general secretary of the Central Committee of the People's Party of Panama; Razafindrabe Andre, secretary general of the Monima Socialist Organisation of Madagascar; Kassim Salam, secretary of the Yemeni regional leadership of the Arab Socialist Baath Party; Miguel Mejia, secretary general of the United Left Movement of Dominica; and Marcos Domich, first secretary of the Central Committee of the Bolivian Communist Party.

The messages extended the warmest congratulations to Comrade Kim Chong-il and wished him a long life in good health.

They expressed the belief that the friendly and cooperative relations between their parties and the Workers' Party of Korea would grow stronger and develop.

DPRK: Telegrams, Letters Sent To Kim Chong-il on Birthday

SKD203111996 *Pyongyang KCNA in English*
0936 GMT 2 Mar 96

[FBIS Transcribed Text] *Pyongyang, March 2 (KCNA)* — Telegrams of greetings to the great leader Comrade Kim Chong-il were adopted at the celebrations held in New Delhi, India; Katmandu, Nepal; Sao Paulo, Brazil; and Mexico on the occasion of his birthday.

The telegrams noted that the chuche cause of the Korean people pioneered by his excellency the great leader President Kim Il-song is victoriously carried forward under the wise leadership of His Excellency Kim Chong-il.

They said under the wise leadership of His Excellency Kim Chong-il, socialism of Korea is invincible however hard the imperialists may try to stifle the Democratic People's Republic of Korea.

They expressed firm solidarity with the struggle of the Korean people for national reunification.

The telegrams wished him a long life in good health.

A letter to him was adopted at the joint seminar of groups for the study of the chuche idea held in Antananarivo on the occasion of his birthday.

DPRK: Kim Chong-il Thanks South Pyongan Officials, Workers

SKD203065196 *Pyongyang KCNA in English*
0253 GMT 2 Mar 96

[FBIS Transcribed Text] *Pyongyang, March 2 (KCNA)* — The Great Leader Comrade Kim Chong-il sent thanks to officials and distributors of the publications distribution offices in Tongdaewon District and central district, Pyongyang, for their successful propaganda about the greatness of the party and the leader through books.

Comrade Kim Chong-il also gave thanks to workers, technicians, office workers and co-op farmers for contributions to the building of dwelling houses in the railway station area, Suncheon City; Tohwa-ri, Kaechon City, and Tokhung-ri, Sinyang County; of South Pyongan Province. [punctuation as received]

DPRK: Chinese Guests Visit Kumsusan Memorial Palace

SKD103121096 *Pyongyang KCNA in English*
0354 GMT 1 Mar 96

[FBIS Transcribed Text] *Pyongyang, March 1 (KCNA)* — A Jilin city friendship delegation of China headed by its mayor Zhan Yuechang on February 29 visited the

Kumsusan Memorial Palace in which the great leader President Kim Il-song is preserved in state and made bows to him.

They made an entry in the visitor's book.

DPRK: Overseas Pominnyon Delegates Visit Kumsusan Palace

SKD103121696 *Pyongyang KCNA in English*
0417 GMT 1 Mar 96

[FBIS Transcribed Text] *Pyongyang, March 1 (KCNA)* — Vice-chairmen So Man-sul and Yang Tong-min of the overseas headquarters of the National Alliance for the Country's Reunification (Pominnyon), vice-director of its Secretariat Pak Yong and director of its Secretariat Yim Min-sik who is general secretary of Pominnyon, on February 29 visited the Kumsusan Memorial Palace in which the great leader President Kim Il-song is preserved in state and made deep bows to him.

They had participated in an emergency meeting of the presidiums of the North and overseas headquarters of Pominnyon.

They made an entry in the visitor's book.

So Man-sul wrote in the visitor's book that he is firmly resolved to implement the behests of the fatherly leader President Kim Il-song as his soldier and put his hold the respected General Kim Chong-il in high esteem on the rostrum of reunification.

DPRK: 'Long' History of Iron Production Reviewed

SK2902111296 *Pyongyang KCNA in English*
0820 GMT 29 Feb 96

[FBIS Transcribed Text] *Pyongyang, February 29 (KCNA)* — Korea has a long history of iron production.

The Korean nation created and developed the culture of iron age in and around Pyongyang from a long time ago.

It was recently disclosed that a mirror made of steel which was unearthed in a stone tomb in Songsok-ri, Kangdong County, Pyongyang, dates back to the 12th century B.C. and an iron fish spear, an iron file, an iron arrowhead and other relics from a dolmen tomb in Hyangmok-ri date back to about 7th century B.C.

All this proves that the ironware culture was created and developed in Pyongyang from a long time ago.

The area has been the cradle and centre of the ancient culture of iron age because of its favourable economic and technological conditions.

DPRK: National Conference of University Students Held*SKD103125396 Pyongyang KCNA in English
1148 GMT 1 Mar 96*

[FBIS Transcribed Text] Pyongyang, March 1 (KCNA) — A national conference of university students, the first of its kind ever in Korea, took place here on February 29 and March 1.

The conference reviewed the achievements and experience gained by students in work and life under the wise leadership of the party and the leader and discussed measures to train them into revolutionaries equipped with noble mental and moral traits and a rich knowledge of science so that they can uphold the respected General Kim Chong-il with science and technology and greatly contribute to the prosperity of their country and motherland.

It was attended by Choe Tae-pok, alternate Politburo member and secretary of the Workers' Party of Korea [WPK] Central Committee; Kim Chong-in, secretary of the WPK Central Committee; Chang Chol, vice-premier of the Administration Council; and officials concerned as well as model university and college students.

A delegation of Korean university students under the General Association of Korean Residents in Japan was also present.

After reading a letter from the conference participants, the great leader Comrade Kim Chong-il said the university students should be revolutionaries who loyally support the party and the leader with science and technology as they pledged in the letter.

His remarks were conveyed to the conference.

A congratulatory message from the WPK Central Committee was also conveyed to the conference.

The message extended warm congratulations to the conference participants and all other university students throughout the country for having discharged their mission and duty as the youth vanguard of the WPK and for fully preparing themselves to be revolutionaries who will shoulder the future of the country and the nation with intense loyalty to the WPK.

The message highly praised the university students for growing to be dependable revolutionaries with sound ideology and spirit and deep knowledge of science and technology under the wise leadership of the party and the leader and for greatly contributing to the revolutionary struggle and construction.

It expressed firm belief that the participants and all other university students throughout the country will

wholeheartedly unite around Comrade Kim Chong-il, faithfully inherit the staunch spirit of defending the leader, the spirit of self-reliance and fortitude as well as revolutionary optimism from the anti-Japanese revolutionary forerunners and accomplish the chuche socialist cause so that they will live up to the deep trust and expectation of the WPK.

At the conference Yi Chan, secretary of the Central Committee of the Kim Il-song Socialist Youth League, made a report, to be followed by speeches.

The reporter and speakers said:

The youth movement in Korea, especially the student movement, has victoriously advanced since it was pioneered by the great leader Comrade Kim Il-song, the founder of the immortal chuche idea. This movement is dynamically developing on the highest level under the wise leadership of General Kim Chong-il, who is the greatest of great men and a brilliant commander.

General Kim Chong-il defined the main purpose of the work among university students as fully training them into ardent communists who have a firm revolutionary outlook on their leader and are true to their party. He clearly indicated how the youth league organisations should work on campus and wisely led their activities. Thus, he has established brilliant traditions and precious achievements in work among university students in Korea.

"Students should become revolutionaries to uphold the great general with science and technology" — this revolutionary slogan our university students should hold aloft. They should all become staunch revolutionaries who learn about the party and the leader, the country and the people before learning science and technology.

They should take an active part in the "reading march toward Yongnam hill," which has proved useful, so that they will read a lot of books assiduously. They should study hard with an ambition to become doctors, associate doctors and world-famous inventors in their twenties or thirties.

All the students should wholeheartedly unite around Comrade Kim Chong-il and courageously fight to accomplish chuche socialism under the banner of the Kim Il-song Socialist Youth League.

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South Korea

ROK MND: ROK 20th Division Not Under U.S. Control in 1980

SK0503092196 Seoul KYONGHYANG SINMUN in Korean 5 Mar 96 p 2

[By reporter Yi Chuang-kun]

[FBIS Translated Text] In connection with the dispatch of the ROK Army's 20th Division to Kwangju during the 18 May democratic resistance in Kwangju, the Ministry of National Defense (MND) said on 4 March: "The 20th Division was not under the operational control of the U.S.-ROK Combined Forces Command [CFC] at that time. Therefore, then CFC Commander (Wickham) did not have the authority to give prior approval to the movements of the 20th Division."

The MND said that after the founding of the CFC in 1978, the CFC commander, who was concurrently commander of the U.S. Forces Korea, had operational control of the ROK 1st Army and 3d Army both in war and peace time, but the 20th Division was not among the units under the CFC commander's operational control.

An MND official concerned added: "When a list of the ROK Army units under the CFC commander's operational control was prepared in 1978, the so-called 'chungjong [loyalist guard] units,' such as the Capital Garrison Command, the Special Forces Command, and the 20th Division located in the metropolitan area, were excluded from the CFC commander's operational control on the grounds that they should be dispatched rapidly in emergency situations to guard Chongwadae [presidential offices] and to protect the government from subversive forces attempting to overthrow it."

ROK: U.S. Drops DPRK From Travel-Warning Countries List

SK0503061196 Seoul HANGUK ILBO in Korean 5 Mar 96 p 2

[By Washington correspondent Chong Pyong-ci]

[FBIS Translated Text] It was revealed on 3 March that from 24 February, the United States dropped North Korea from the list of travel-warning countries where Americans are warned against traveling. Traveling to North Korea was restricted in the past because the United States and North Korea have no consular relations, and therefore cannot ensure the safety of those carrying out activities within North Korea since it is a closed country. It was learned that by lifting this warning, the U.S. State Department eliminated the travel warning regarding North Korea in the "consular intelligence file" which it publishes, and replaced it with

information on North Korea's medical facilities, security intelligence, and various forms of punishment.

ROK: Status of U.S.-DPRK, Japan-DPRK Negotiations Reviewed

SK0403121696 Seoul CHOSON ILBO in Korean 3 Mar 96 p 2

[By reporter Ku Song-chae]

[FBIS Translated Text] Political negotiations between the United States and North Korea, and negotiations to establish diplomatic relations between Japan and North Korea are becoming more noticeable. The United States, Japan, and North Korea have been holding behind-the-scenes contacts to come up with a timetable for the improvement of relations.

The government's official position is that a concrete timetable for negotiations between the United States and North Korea has not been settled yet. However, it has been determined that North Korea's missile development is the issue on the agenda, and it is very likely that the negotiations will be held sometime in April. It is very possible that the venue for the negotiations will be neither the United States nor North Korea but a third country.

It was learned that up until recently, North Korea had been selling Scud missiles to Iran and Peru. Moreover, it is developing the Taepodong No. 2 missile, which is estimated to have a shooting range of 5,000 km.

As with the nuclear issue, the point at issue regarding missile negotiations between the United States and North Korea will be how to secure the transparency of North Korea's missiles. It appears that North Korea will not let the United States secure transparency for nothing. North Korea's 22 February proposal asking the United States to conclude a tentative agreement with North Korea is an important matter worthy of attention. Our government approves in principle of the U.S.-North Korea missile negotiations. However, aside from the nuclear issue, North Korea's missile issue is an "immediate" issue of regional interest. If our government cannot directly participate in the missile issue, the order in which matters should be dealt with on the Korean peninsula will once again be undermined. This may be why the Foreign Ministry has kept silent on the U.S.-North Korea missile negotiations issue.

A delegation of the Institute of International Affairs, an organization affiliated to the Japanese Foreign Ministry, will visit North Korea sometime in March. This is one of the signs that the resumption of negotiations to establish diplomatic relations between Japan and North Korea, suspended in 1992, is near. Japanese politicians have

visited Pyongyang on many occasions, but it is very rare for a Japanese official to visit North Korea. It is believed that the timetable for the resumption of negotiations to establish diplomatic relations will be discussed.

North Korea may use the negotiations to establish diplomatic relations with Japan as a breakthrough in overcoming its economic crisis. Before establishing diplomatic relations with Japan, North Korea is making strong economic cooperation demands such as requesting loans.

In this connection, the government has agreed with the Japanese Government that Japan-North Korea economic cooperation cannot be carried out unless diplomatic relations are established, and that South-North relations and Japan-North Korea relations must be carried out parallel to each other. Japan is saying: "We will promote Japan-North Korea relations in the direction of contributing to South-North relations." Thus, Japan appears to be moving one step further. There are concerns that South-North relations may continued to be frozen after U.S.-North Korea and Japan-North Korea relations are activated.

ROK: U.S. Institute Publishes 'North Korea Energy White Paper'

SK0293111196 Seoul CHUNGANG ILBO in Korean
2 Mar 96 p 8

[Report by Kim Yong-il in Washington]

[FBIS Translated Text] Research shows that North Korea is using 5 percent of its total energy for military purposes, and that the military accounts for 15 percent of the total oil consumption.

The Nautilus Institute, a U.S. group specializing in security issues, published "North Korea Energy White Paper" on 29 February, stating that the light-water reactors to be built in North Korea will account only for 11 percent of the total energy demand, based on 1990 energy data.

This means that the construction of the light-water reactors may help deter the nuclear weapons development, but will not be effective as a means to solve the energy shortage.

According to the white paper, imported oil accounts for only 5 percent of North Korea's total energy consumption, thus, the international community's embargo on oil sales to North Korea would not seriously affect North Korea. In addition, the 500,000 tonnes of heavy oil the United States promised to provide to North Korea annually until the first light-water reactor is completed, will account for 1 percent of the total energy demand, thus, will not be very helpful to North Korea's energy crisis.

The institute collected relevant information for a year and a half and wrote the 220-page white paper, which is the first Western assessment on the status of North Korea's energy.

The following is a summary of the white paper:

In North Korea, 64 percent of energy comes from coal, and 18 percent from synthetic fuel from excrement. North Korea depends mostly on such primitive fuels, and refined oil only accounts for 1 percent.

Among the total energy demand, 11 percent depends on import.

The consumption pattern is 46 percent for industrial use, 34 percent for household use, and 5 percent for military use.

Military consumption accounts for 16 percent of total electricity consumption.

Breakdown of North Korea's Energy Demand

	Percent
Industry	46
Household	34
Military	5
Agriculture	4
Transportation	3
Public and Commerce	3
Others	5

Oil Demand of North Korea's Military Equipment

	Percent
Military trucks (2.5-tonne)	32
Early warning ships, aircraft	29
Tanks and heavy equipment	14
Fighter and bomber aircraft	9
Other Navy vessels	8
Air Force official cars	3
Navy official cars	2
Transporter planes and helicopters	2
Other trucks	2

ROK: Defectors in PRC Form 'Association for Escapees From North'

SK0303123996 Seoul KBS-1 Television Network
in Korean 1200 GMT 29 Feb 96

[FBIS Translated Text] A group of 1,200 North Korean compatriots, who claim they fled North Korea, are currently in the PRC and have formed an association and announced that they will make joint efforts to ensure their personal security and defect successfully. Pak Taesok reports from Beijing:

[Begin Pak recording] The self-styled Association for the Civil Rights of the Escapees from the North sent a statement to human rights agencies and media of the world today, stating that about 1,200 escapees who fled North Korea had their first meeting in Beijing on 15 December, 1995, and that they have given up their DPRK citizenship and fled to the PRC in order to win the basic right to exist and political freedom. The runaways added that they could not just watch the lamentable destiny of the country, so they risked their lives in their efforts to defect and appeal to the PRC Government not to arrest them and turn them over to North Korea, and abide by the international law on the obligations to defectors.

The Association for the Civil Rights of the Escapees from the North also appealed that the PRC Government, media, and international organizations recognize and support their decision. They vowed to struggle to develop the current clandestine organization into a legitimate one. [end recording]

ROK: Defectors Note DPRK 'Breakdown in Internal Discipline'

SK0403143796 Seoul HANGUK ILBO in Korean
16 Feb 96 p 6

[Third in a six-part series of reports on an interview with five North Korean defectors Colonel Choe Chu-hwal; Captain An Yong-kil; Junior Sergeant Choe Kwang-hyok of the Korean People's Army; Yi Sun-ok, county-level material distribution center manager; and guard Choe Tong-chol of the State Security Department by unidentified reporter; place and date not given]

[FBIS Summary] In the spring of 1986, hundreds of men from the North Korean State Security Department stormed Pyongsong Natural Science College, a well-known college attended by only the brightest North Korean students, and arrested dozens of students. An incident like this one had never happened in North Korea before. According to the testimony of defector Choe Chu-hwal, the students formed a book-reading society to overthrow the state and were arrested while making

elaborate preparations for an action. The students reportedly prepared a list of candidates for head of state and cabinet members in case their plan succeeded. Dozens of participants of the book-reading society were executed by a firing squad.

Defector Choe Chu-hwal says that after the Pyongsong Natural Science College incident, dissident groups challenging the North Korean system were created one after another although they failed to overthrow the government.

Defector Choe Tong-chol says since the 13th Pyongyang Youth and Students Festival in 1989 and the collapse of the East European communist states and the Soviet Union, the central party organization has received an increasing number of anonymous notes. The anonymous notes criticized the party's faulty policies, stated the people's sufferings, and urged the party to gouge out corruption of the senior officials of the party, the military, and the government. Posters criticizing the North Korean system were frequently found in Kangnam County in the suburbs of Pyongyang. A large number of anonymous notes written by students were sent directly to Kim Chong-il.

Defector Choe Chu-hwal says that those who studied in Eastern Europe, such as Hungary, Poland, and Czechoslovakia are under around-the-clock surveillance on the grounds that they are very likely to criticize the North Korean system and to introduce the West European ideology.

Defector Choe Kwang-hyok says, "If one kills a person in North Korea, one is executed by shooting. Nevertheless, homicide is frequent in large cities these days, as if the murderer were saying to the authorities, 'Do as you please.' A college student burned seven women and ate their flesh. There is a rumor that a son pulled his mother's teeth to spare food. This shows that all the values and morality are crumbling in North Korean society. North Korean system is doomed to collapse soon."

The defectors say that the shaking of the North Korean system began as a result of the North Korean economic difficulties that began to worsen toward the end of the eighties, bringing about a breakdown in internal discipline in the North Korean society overall. "The Pyongyang Youth and Student Festival in 1989, attended by some 20,000 foreigners, the first time so many foreigners visited North Korea since the Korean war, decisively contributed to the collapse of the North Korean economy. In the wake of the festival, a 'phenomenon of total breakdown in internal discipline' began to be conspicuous in North Korean society."

Defector Choe Chu-hwal says, "In 1987-1988, the North Korean people were preparing for the Pyongyang festival with their all because they believed the party's propaganda that if the Pyongyang festival was successful, they would be able to eat plentiful rice meals. However, the North Korean economy declined rapidly since the Pyongyang festival. Around that time, the North Korean people came to cherish a vague adoration for South Korean society with rumors such as, 'the South Korean people are better off than the North Korean people,' and 'in South Korea cars run so smoothly that not even a tea cup tips over no matter how fast the car runs.'"

Soon after Kim Il-song's death on 9 July 1994, some military officers were reprimanded for playing cards in the Army barracks and drinking strong drinks during the mourning period. Taking bribes is rampant in North Korea as a result of economic difficulties, and the party and military cadres pilfer the food rations. Corruption in the North Korean society is a major reason for the North Korean residents' loss of loyalty to the authorities.

Defector Yi Sun-ok testifies that the regular grain ration for each resident per day is 700 grams (30 percent bean, 10 percent rice, and 60 percent corn), however because of the pilfering by the party and military cadres, the 700 grams is reduced to 300 grams when the grain reaches the consumer.

The defectors agree that Kim Il-song's death definitely brought about the shaking of the North Korean system at its very foundation.

ROK: Defectors Affirm Food Shortage, Corruption in DPRK

SK0503021496 Seoul HANGUK ILBO in Korean
18 Feb 96 p 11

[Fourth in a six-part series of reports on an interview with five North Korean defectors Colonel Choe Chu-hwal; Captain An Yong-kil; Junior Sergeant Choe Kwang-hyok of the Korean People's Army; Yi Sun-ok, county-level material distribution center manager; and guard Choe Tong-chol of the State Security Department by unidentified reporter; place and date not given]

[FBIS Summary] The "nominal" food ration for each North Korean resident per day is 700 grams. This amount has not changed since the sixties. In fact, however, North Korea has begun to deduct a four-day food ration from a monthly ration since the seventies under the pretext of saving military provisions. It has even taken away 10 more percent of the food ration since the eighties. In addition, North Korea has deducted the amount of loss caused in the course of transporting and polishing grain from the monthly ration.

According to Yi Sun-ok's testimony, the actual daily food ration for each North Korean is 565 to 580 grams of grain mixed with rice and corn at the ratio of 1 to 9. A soldier, as well as a military officer, receives 800 grams of grain per day, while a commanding officer receives 700 grams. This is because commanding officers are considered to move less than military officers and men. However, food is also in constant short supply in the military because part of food ration is missing in the course of distribution. Choe Chu-hwal states: "About 30 percent of rice allocated to an army division is missing during the course of its distribution down to a company."

A military officer used to receive 40 eggs per month in the eighties, but now receives only 5 eggs. Choe Chu-hwal says: "It is the party's strict order that military provisions reserved for one year should not be used even though soldiers are to die."

Rural areas are in a little better situation than urban areas as far as food is concerned. Unsatisfied with the food rations, North Korean farmers have begun to secretly raise domestic animals, vegetables, and corn. Choe said: "Those who are neither high-class urbanites nor farmers, such as residents in counties or lower-level districts, suffer the most serious food problems." This is why workers in urban areas and county residents go to rural areas to trade daily necessities or old home appliances such as radio for food there.

Because of the discrepancy between increasing demand and short supply, the black-market prices of food and daily necessities are very high making North Korean people's livelihood even more difficult. Bribery has appeared in North Korea following the rampant blackmarketing. Those who are detected blackmarketing are sent to prisons, are forced to separate from their families permanently, and "are socially buried." Accordingly, blackmarketers give bribes to public security personnel for overlooking their business. As blackmarketers are increasing in number, the amount of bribes is also increasing.

The lives of those who have relatives in China are a little better than ordinary North Koreans. Although bringing food into the DPRK is banned by the PRC Government in September 1995, it is still possible "to a certain extent" to do so with the help of bribed public security personnel.

One of the factors that aggravate the North Korean economy is the "extreme shortages" of fuel and machine parts needed to operate industrial facilities. Choe Chu-hwal testifies: "North Korea have watch plants, instant noodle plants, and yogurt plants, but is not able to operate them due to raw material and fuel shortages." He

also says: "Rural areas stricken by the recent flood have difficulties in recovering damaged fields because they cannot obtain parts needed to repair farming machines, such as tractors."

Defectors say that North Korean people's wintertime is nearly a "life-and-death struggle" due to the insufficient fuel supply and its low quality. Because of frequent anthracite gas poisoning accidents, patrol cars even make a round of inspection to prevent such gas accidents.

North Korea's adherence to "the self-reliant socialism"—in which shortages of food and daily necessities; rampant blackmarketing and bribery; irregularities and corruption involving leading cadres; and difficulties in receiving foreign aid exist—is driving North Korean people into a bottomless cliff.

ROK: Defectors Describe Life in DPRK Reformatories

SK0503045496 Seoul HANGUK ILBO in Korean
21 Feb 96 p 7

[Fifth in a six-part series of reports on an interview with five North Korean defectors Colonel Choe Chu-hwal; Captain An Yong-kil; Junior Sergeant Choe Kwang-hyok of the Korean People's Army; Yi Sun-ok, county-level material distribution center manager; and guard Choe Tong-chol of the State Security Department by unidentified reporter; place and date not given]

[FBIS Summary] A reformatory inmate whose family name is known only as Kim was executed in 1990. Yi Sun-ok, who was detained in the Kaechon Reformatory from November 1987 to December 1992, witnessed this execution. She says: He was detained for beating a thief to death. Believing that he was hopeless, he told a public security agent that he would rather die. Then, he was sent to the firing squad for rejecting party policies.

Kim was shot while 6,000 fellow inmates were watching. The inmates, then, were forced to see the corpse one after another.

North Korea commits human rights violations not only in concentration camps but in reformatories.

The defectors say that reformatory inmates were forced to do hard labor for 18 hours a day and live with meager food.

Yi Sun-ok goes on to say that she witnessed seven executions when she was detained in the reformatory and that she saw seven to eight newcomers become schizophrenic after each execution.

Almost all reformatories have textile plants or other plants. Inmates are forced to engage in hard labor at these plants from 0500 until 2300. Some male inmates

at the Kaechon Reformatory who committed serious crimes work at a coal mine 10 km away.

Inmates are forced to finish their meal in 10 minutes, and their food ration is 300 grams per day. Anyone who fails to fulfill his daily quota receives 20 grams less in each meal and is eventually locked up in solitary confinement. Then, he receives 90 grams a day. Inmates are allowed to go to bathroom three times a day.

They have two days off a month. Still they should attend classes for ideological indoctrination during their off days.

Reformatories are surrounded by concrete walls seven to eight meters high and topped with electrified barbed wires.

Married people are divorced, because their spouses choose to divorce them in order not to be sent to camps themselves.

The Ministry of Public Security send inmates who finished their terms to cooperative farms and other places. However, they tend to commit crimes again because they are alienated in those places.

Yi Sun-ok says: With the amnesty on Kim Il-sung's birthday in 1992, approximately 800 female inmates were released, but 400 of them were detained again in five to six months. Repeaters are detained without a trial.

Reformatory regulations rule that inmates shall be given an opportunity to meet visitors twice a year. However, they are allowed to meet visitors for only 10 minutes once a year.

North Korean reformatories are no longer correctional institutions; they turn inmates into malcontents.

ROK: Defectors on Treatment in DPRK Concentration Camps

SK0503053196 Seoul HANGUK ILBO in Korean
22 Feb 96 p 7

[Last installment in a six-part series of reports on an interview with five North Korean defectors Colonel Choe Chu-hwal; Captain An Yong-kil; Junior Sergeant Choe Kwang-hyok of the Korean People's Army; Yi Sun-ok, county-level material distribution center manager; and guard Choe Tong-chol of the State Security Department by unidentified reporter; place and date not given]

[FBIS Summary] After joining the Army, Choe Tong-chol served at the No. 11 Control Office in Kyongsong County, North Hamgyong Province, for three years from 1983. A control office is a concentration camp for political prisoners.

Choe says: Inmates in concentration camps are not treated as human beings. Only forced labor and physical punishment are reserved for them. Approximately 20,000 inmates were detained in the No. 11 Control Office. Married people are detained in separate barracks, and singles are not allowed to get married. Children study reading, writing and arithmetic at people's schools. After studying the three R's, they are sent to work sites. Teachers, who are agents of the Ministry of Public Security, carry whips.

Choe also says: In July 1985, he saw an old woman, her son, and her three grandsons executed after attempting to flee. The two adults were hanged, and the three children were shot to death. The inmates, then, marched past the corpses, and "exemplary" inmates threw stones at them.

Choe also says: If female inmates are found pregnant, agents of the Ministry of Public Security kick their stomachs to cause abortion and, if they fail, they kill the women. They do so on the grounds that class enemies must not bear children. If agents of the Ministry of Public Security are found that they raped female inmates, they are punished not because they raped the women, but because they slept with the class enemies.

The defectors say that control offices are located in remote mountainous areas and that there are approximately 300 to 400 households in a village. The No. 11 Control Office where Choe worked covers an area of 10 million pyong (one pyong equals 3.954 square yard) with five million-pyong paddies.

Any civilian who is found trespassing on such an area is detained for three days and released after pledging to keep it secret.

Choe also says: There are various devices installed to prevent inmates from fleeing, including grenades and even arrows.

Choe even says that fleeing the areas is unthinkable because there are informers among the inmates.

ROK: DPRK Crewmen Returned to North Via Panmunjom 5 Mar

SK0503044396 Seoul YONHAP in English
0432 GMT 5 Mar 96

[FBIS Transcribed Text] Seoul, March 5 (YONHAP) — Two North Korean sailors rescued by the South Korean Navy in the East Sea last week were returned to the North Tuesday through the truce village of Panmunjom, along with the bodies of two fellow crewmen.

The Korean National Red Cross (KNRC) handed them over to the North at 11 AM (0200 GMT) at the

Military Demarcation Line of the joint security area in Panmunjom.

The two survivors and the bodies of the dead were found last Thursday drifting on a lifeboat. Their coal freighter "Yombunjin-ho" had sank in international waters in the East Sea.

"We are returning the North Koreans on humanitarian grounds," a KNRC official said, while urging the North to return immediately the crewmen of the "Tongjin-ho" and the "Taeyong-ho," two South Korean vessels currently detained in North Korea.

Earlier in the day, KNRC President Kang Yong-hun notified his North Korean counterpart through a telephone message of the return of the crew.

ROK: Protocol of DPRK Crew Return at Panmunjom Noted

SK0503075496 Seoul YONHAP in English
0716 GMT 5 Mar 96

[FBIS Transcribed Text] Panmunjom, South Korea, March 5 (YONHAP) — Wearing a brown windbreaker and white sneakers, they looked healthy.

The two North Korean sailors rescued by a South Korean Navy patrol boat while adrift in the East Sea last week, said "Thank you" when reporters asked them to make a comment after they arrived in the Panmunjom truce village at 11:00 am Tuesday on their way home.

Yi Chin-kyu and Kim Il-chol, carrying a big vinyl shopping bag each, crossed the Military Demarcation Line as they went North via a narrow passage between the Military Armistice Commission building containing the main conference room and the Neutral Nations Supervisory Commission building.

As they walked across the border they waved to the North Korean officials who welcomed their return. They then embraced several North Korean officials and enthusiastically thrust their hands in the air three times, and posed for North Korean cameramen. Two North Korean women gave them a bunch of flowers.

Some of the people in the welcoming party were seen shedding tears, apparently moved by the homecoming.

Earlier in the morning, Korean national Red Cross officials and their North Korean counterparts only spent six minutes discussing repatriation procedures. The brief meeting was, however, the first official inter-Korean contact at Panmunjom since July 9, 1994 when a working-level meeting was held to discuss an inter-Korean summit meeting which was later postponed indefinitely because of Kim Il-sung's death.

After the two sides agreed on procedures, the two sailors were handed over first. The two coffins carrying the remains of two crew members who drowned followed, each draped with a streamer emblazoned with Chinese characters that said "rest in peace in paradise." And finally, the lifeboat the sailors were found in was returned.

Yi Chung-ku, liaison officer of the Inter-Korean Dialogue Office, said afterwards, "This was the first inter-Korean liaison contact in 20 months." He looked satisfied that he finally had a chance to do something worthwhile after more than one and a half years.

The two sailors were part of the 37 member crew aboard the 9,955-ton North Korean cargo ship "Yombunjin-ho" which sank in the East Sea during storm on Feb. 27. It was the same freighter that carried 7,000 tons of rice and part of 100,000 tons of cement from North Korea to the port of Pukpyong in 1984 when South Korea was suffering from flood damage, according to government officials.

ROK: Taiwan Said Planning Economic, Trade Accord With DPRK

SK0503063596 Seoul CHUNGANG ILBO in Korean
5 Mar 96 p 2

[Combined Wire Service from Taipei]

[FBIS Translated Text] Taiwan's LIEH HO PAO reported on 3 March that Taiwan invited a North Korean delegation to discuss strengthening economic cooperation with North Korea and the issue of food aid, and North Korea accepted it. It also reported that North Korea will dispatch the delegation as soon as possible and hold concrete discussions with Taiwan's Economic Affairs Ministry.

LIEH HO PAO reported that an official of the Taiwanese Economic Affairs Ministry said that they are currently examining food aid to North Korea and that North Korea requested to Taiwan for funds and technological assistance.

This official also revealed that after holding discussions with North Korea, a Taiwanese Government delegation will be dispatched to Pyongyang and plans to conclude an economic and trade agreement between the two countries.

The Taiwanese economic cooperation delegation led by Yang Shih-chien, vice minister of the Taiwanese Economic Affairs Ministry, had planned to visit Pyongyang in early November of last year, but it was canceled due to pressure from the PRC.

ROK: Prosecutors Indict 'Stow-Away' DPRK Defector

SK0503030196 Seoul YONHAP in English
0228 GMT 5 Mar 96

[FBIS Transcribed Text] Seoul, March 5 (YONHAP) — Public prosecutors indicted a North Korean defector Tuesday for trying to return to North Korea aboard a commercial vessel with 14,000 U.S. dollars with him.

Kim Hyong-tok, 22, who defected to South Korea in September 1994, was discovered as a stow-away on Feb. 5 aboard the Chinese freighter "Huahong" in the port of Inchon, which was scheduled to travel to North Korea via Vietnam.

Kim was charged with violating the national security and foreign currency control laws.

ROK President, Hashimoto Discuss Tokto, Other Issues at ASEM

SK0303032196 Seoul THE KOREA HERALD
in English 3 Mar 96 pp 1, 4

[Report by KOREA HERALD correspondent Chon Si-yong]

[FBIS Transcribed Text] Bangkok — Both South Korea and Japan, as expected, stuck to their own sovereignty claims to the Tokto Islets in the East Sea Saturday, but tried to avert a free fall in their bilateral relationships.

President Kim Yong-sam and Japanese Prime Minister Ryutaro Hashimoto, holding a summit meeting on the sidelines of the Asia-Europe Meeting (ASEM), reaffirmed their respective positions on the Tokto islets.

But the two leaders shared the view that the Tokto dispute should not spill over into other areas of bilateral relations and agreed to begin negotiations on the enforcement of the exclusive economic zones (EEZ) soon, Korean Presidential Spokesman Yun Yo-chun said.

The enforcement of the 200-nautical-mile EEZ, being carried out in accordance with the U.N. Convention on the Law of the Sea, prompted the fresh flare-up in the decades-long row over the rocky islets now occupied by a contingent of Korean maritime police.

"President Kim and Prime Minister Hashimoto also agreed that both their governments will make active efforts to revise the Korea-Japan fishery agreement in a mutually satisfactory way," Yun said in a post-meeting briefing.

In a symbolic gesture of restoring the strained relations, President Kim extended an invitation for Hashimoto to visit South Korea.

Kim and Hashimoto, accompanied by their ministers and key aides, sat across from each other at a time when bilateral relations between Seoul and Tokyo slipped to the lowest ebb in years because of Japan's fresh claims to the Tokto Islets in the East Sea separating the two countries.

Anti-Japanese sentiment in Korea is reaching new heights and just one day before Kim and Hashimoto tackled the highly sensitive issue here, angry people in Korea burned the effigies of the Japanese prime minister in protests over the Japanese claim to the islets.

The protests and ceremonies marked the March 1 (Samil), 1919 independence movement, a civil uprising against Japan's colonial rule which the Japanese military police crushed brutally.

Kim, who holds to a hardline policy with regard to Japan's recognition of its wartime wrongdoings, used strong diplomatic terms in his talk to Hashimoto.

"I want to make it clear that Tokto belongs to Korea in accordance with international law and historical facts and that Korea now enjoys effective control of the islets," Kim was quoted as saying by spokesman Yun.

"Our country cannot tolerate Japan's claim to Tokto and I feel a very strong regret," Kim said.

Mutual respect for each other's territorial sovereignty is a matter of principle for the development of bilateral relations between South Korea and Japan, Kim said.

"I believe we should have a clear understanding of this," he added.

Hashimoto said that Japan's position on the Tokto Islets has been consistent referring to the fact that Tokyo does not acknowledge Seoul's sovereignty on the islets.

"But the Japanese Government does not want the ratification of the UN convention by the two countries to have a negative effect on South Korea-Japan relations," Yun quoted the prime minister as saying.

"In this context, we hope to start negotiations about drawing the line of the EEZ between the two countries," Hashimoto said.

Yun said President Kim also expressed his hope that the two governments could discuss the issue through diplomatic negotiations "on the condition that the drawing of EEZ has nothing to do with territorial issues."

He said that Hashimoto expressed his concern that the Tokto problem is raising tensions between the two peoples.

"As neighboring countries, South Korea and Japan have a lot of matters to discuss between themselves

and steady development of bilateral relations is very important for both governments and peoples," Yun quoted the Japanese leader as saying.

President Kim also reiterated his government's position that South Korea and Japan should pursue a "future-oriented relationship" for their mutual benefit.

Kim, in particular, expressed his hope that the inauguration of the Hashimoto cabinet should provide an occasion to construct the future-oriented relations, Yun said.

Hashimoto became prime minister in January this year and some in South Korea and other foreign countries raised concerns about the Tokyo government's possible shift to nationalism and hardline trade policy.

While the two apparently failed to come to a full settlement over the Tokto issue, they reached agreements on several other issues of mutual concern, Korean officials said.

Yu Chong-ha, President Kim's top foreign policy aide, said that Kim and Hashimoto reaffirmed that Seoul and Tokyo maintain close cooperation in dealing with North Korea.

"President Kim renewed the call for Japan to improve relations with North Korea in parallel and harmony with progress in inter-Korean relations," he said.

Hashimoto pledged that his government will respect South Korea's position and keep in closer touch with Seoul regarding North Korean issues.

The South Korean President cited Japan's decision to contribute \$19 million to the supply of heavy oil to North Korea as part of an international effort to freeze the North's nuclear program.

The Korean Peninsula Energy Development Organization (KEDO), an international consortium led by South Korea, the United States and Japan, is providing North Korea with heavy oil as an interim power supply until the construction of two light-water nuclear reactors.

Kim and Hashimoto, both fresh from the ASEM discussions, shared the view that South Korea and Japan make joint endeavors for the development of the inter-continental forum.

South Korea will host the third ASEM in the year 2000.

President Kim, here on a five-day visit after trips to India and Singapore, met Dutch Prime Minister Wim Kok before the South Korea-Japan summit.

Kok plans to visit South Korea in June this year and Korean officials said the Dutch leader will be accompanied by 30 businessmen on his Korean trip.

Kim and Kok agreed to expand investment in each other's country and speed up the work to conclude a social security tax exemption pact in the near future, the officials said.

Kim is scheduled to hold summit talks with Ireland's Prime Minister John Bruton Sunday to cap his summitry in Bangkok before returning home Monday.

ROK Editorial Recommends Caution in Negotiations With Japan

SK0503050096 (Internet) The Digital Chosun Ilbo WWW in English 1318 GMT 4 Mar 96

[Editorial: Separate Negotiations Possible?]

[FBIS Transcribed Text] The meeting between President Kim Yong-sam and Japanese Prime Minister Hashimoto at the summit in Bangkok amidst the conflict between the two countries over Tokto island has moved us one step closer to a solution. Both countries agreed that there are many problems requiring cooperation and compromised in effect by reiterating their respective stand on Tokto. We wonder how the two issues raised by Japan of the 200 nautical mile economic zone and revision of the fishing agreement can be solved while bypassing Tokto. A basepoint is necessary in establishing an Exclusive Economic Zone and the Tokto issue was raised over the basepoint itself. The revision of the fisheries agreement raised by Japan, if it requires an EEZ can not be negotiated while ignoring Tokto.

Despite this, President Kim said "OK, Let's do it" to Prime Minister Hashimoto's suggestion to quickly discuss the establishment of the EEZ line and Foreign Minister Kong No-myong said Korea would proceed with revision of the fisheries agreement first because negotiations over the EEZ would be delayed. Overall relations between the two countries are the same as before the summit.

The Japanese government, which had proposed and agreed to the "12 nautical mile territorial water" and "Flag state" based on the principle of free international waters in 1965, now claims a 200 nautical mile EEZ and "Coastal state", citing depletion of fishing resources in the coastal seas. If the Japanese government's claim is to meet fruition, our fishing industry would suffer a 30 percent loss, or 300 billion won, and fishermen in the East Sea will suffer most.

If we request "Flag state" to Japan, we will have another problem of Chinese fishing boats depleting our fish resources at the sea of Cheju island. The "Flag state" will have long-term benefits for our fisheries but, in the short-term reduce our catch. Therefore, we have to be very cautious in beginning negotiations on the Tokto,

EEZ and fishing agreements without clear plans and preparation.

ROK-PRC Aviation Accord To Double Passenger Seat Capacity

SK0303032296 Seoul THE KOREA HERALD in English 3 Mar 96 p 8

[FBIS Transcribed Text] Korea and China struck an aviation accord which would result in a dramatic 60 percent increase in passenger seats beginning in April, Korean aviation authorities said yesterday.

The jump in seating capacity would partially result from the opening of four new air routes, including the Pusan-Beijing and the Cheju-Beijing lines, said officials returning from the three-day talks in Beijing, which ended Friday.

All China-bound flights now leave from Seoul. Shanghai-bound flights are also likely to be expanded, departing from either Pusan or Cheju, officials said.

"The change is in response to worsening seat shortages," said an official [from] the Ministry of Construction and Transportation.

Currently, seating capacity on Korea-China flights are about 5,700 on a weekly basis. This number is poised to nearly double to 9,740 in the June-September peak season, said the official.

The 60-percent jump is the yearly average and is to be adjusted depending on the season, he said.

The expansion of the Korea-China route is expected to be a boon to the air line companies of both countries. Korean Air and the Asiana Airlines, both Korean carriers, report China-bound flights as being one of the most lucrative.

The two countries opened air routes in 1994. Currently, flights from Seoul go to major Chinese cities including Beijing Dalian, Shenyang, Tianjin and Qingdao.

ROK To Participate in Developing Mekong River Region

SK0503054596 Seoul THE KOREA TIMES in English 5 Mar 96 p 2

[By staff reporter No Chun-hun]

[FBIS Transcribed Text] Korea will actively participate in the development of countries in the Mekong River region in Southeast Asia as an effective follow-up to the successful meeting of Asian and European leaders.

Government officials who accompanied President Kim Yong-sam to the meeting said yesterday upon returning

home that participation in the project will come as part of Korea's efforts to achieve a greater status in Asia.

"The Asia-Europe Meeting (ASEM) was more successful than we had anticipated and participation in the follow-up programs is critical if Korea is to become a leader in the Asia-Europe region," said Kim Han-su, director for Europe at the Ministry of Trade, Industry and Energy.

The basis for efforts to play an important part in future developments in the region have already been laid by the agreement Korea will host the third ASEM meeting in Seoul in the year 2000 when per capita income should close in on 20,000 dollars.

Under the Greater Mekong River Cooperation Program, Korea, Japan, Vietnam and three other neighboring countries, will work with the Asian Development Bank [ADB] to develop the region.

In view of the importance of the project, the Federation of Korean Industries will be organizing a meeting titled, "Forum on the Greater Mekong Subregion: Investment Opportunity Through Economic Cooperation."

The project has been on the drawing board since the 1950s and has been gaining steam since 1992 when the ADB decided to put its weight behind it.

"The critical point was President Kim and Singapore Prime Minister Goh Chok-tong's agreement to join hands in supporting the ambitious project," Kim explained after returning home yesterday evening.

The project calls for the investment of 15 billion dollars in a total of 150 social infrastructure projects with investment from countries like Japan and Korea.

The other participants in the project, to be discussed in the Seoul meeting, will be Vietnam, Myanmar, Thailand and Cambodia, MOTIE officials said.

As another means of following up on the ASEM session, Korea will seek to play an active role in such sectors as, telecommunications, competing with advanced countries for a share of the, lucrative pie.

On the other hand, the ASEM meeting also gave countries like Korea ways of setting up more amicable relationships with the EC and seeking methods of avoiding anti-dumping allegations to break into the European market.

ROK President, PRC Premier Discuss Issues at ASEM Meeting

SK0203024696 Seoul THE KOREA TIMES in English 2 Mar 96 p 2

[Report by KOREA TIMES correspondent Han Tong-su]

[FBIS Transcribed Text] Bangkok — President Kim Yong-sam Friday called for the Chinese Government's measures to block illegal fishing in South Korean waters by Chinese fishing vessels in talks with Chinese Premier Li Peng.

To that end, Kim suggested Seoul and Beijing sign a fishery agreement at the earliest possible date.

Li, the first foreign leader Kim met on the sidelines of the Asia-Europe Meeting, promised that the Chinese Government will fully pay heed to President Kim's request, said Yu Myong-hwan, a presidential secretary for foreign affairs.

Kim and Li agreed to step up economic and industrial cooperation between the two countries, including early launching, preferably within this year, of the joint mid-size commercial aircraft manufacturing program, which was agreed on between Kim and his Chinese counterpart Jiang Zemin in 1993, Yu told reporters.

Kim and Li also expressed satisfaction with rapidly expanding two-way trade and personnel exchanges between the two countries.

South Korea is China's third largest trading partner, and personnel exchanges have soared fivefold since they opened formal diplomatic ties in 1992, Yu said.

Kim asked for Chinese help in South Korea's efforts to resume dialogue with North Korea and materialize interchanges between the two sides of the Korean Peninsula.

Li responded with a promise that China will actively help, reiterating the Chinese position that China wants a tension-free Korean Peninsula, and that the Korean problem should be solved through dialogue between the parties directly involved, Yu said.

Li explained to Kim the Beijing government's policy toward Taiwan and Kim told the Chinese premier that Seoul firmly stands for Beijing's "one China" policy.

ROK President, PRC Premier Discuss DPRK, Taiwan Problems

SK0203025996 Seoul THE KOREA HERALD in English 2 Mar 96 p 1

[FBIS Transcribed Text] Bangkok — President Kim Yong-sam and Chinese Prime Minister Li Peng dis-

cussed both North Korean and Taiwan problems in a meeting here Friday.

Korean officials did not give details of the discussions the two leaders had at the Sheraton Hotel in the wings of the first Asia-Europe Meeting (ASEM) which began its two-day sessions in this Thai capital.

The officials, however, said that Kim sought China's support to South Korea's efforts to improve relations with North Korea and ease tension on the Korean Peninsula.

Kim, in particular, stressed that the Korean Armistice Agreement should be in force until the two Koreas reach a deal for a new peace regime on the peninsula, a senior official said.

North Korea, which sticks to a peace agreement with the United States in the exclusion of the South, recently made a fresh proposal to establish an "interim" peace accord with Washington.

Both South Korea and the United States rejected the idea in line with their consistent position that any such peace regime be concluded by the two Koreas.

"Prime Minister Li Peng reiterated Beijing's position that China wants stability on the Korean Peninsula and that any Korean problems should be settled by Koreans," Yu Chong-ha, Kim's chief foreign policy aide, said.

Yu said that Li briefed Kim about his government's Taiwan policy and that Kim reaffirmed Seoul's position that South Korea-Taiwan exchanges will be limited to "nonpolitical areas" in line with his government's "one China" policy.

Yu did not provide details of the two leaders' discussions about China-Taiwan relations, which has plunged into a chill recently.

The rising tensions between Beijing and Taipei has alerted the United States as well as South Korea and other Asian countries.

During his visit to Singapore earlier this week, Kim devoted his informal discussions with Senior Minister Lee Kuan Yew to Taiwan and North Korean issues, a presidential aide said.

Officials said President Kim expressed his concern about the illegal Chinese fishing activities in South Korean maritime resources protection zones.

Prime Minister Li said he would take note of Kim's request that the Chinese Government provide due "guidance" to its fishermen and conclude a fishery pact in the near future, the officials said.

ROK: Kim Yong-sam Meets UK's Major, Discusses Economic Ties

OW0503020596 Hong Kong AFP in English
0147 GMT 5 Mar 96

[FBIS Transcribed Text] Seoul, March 5 (AFP) — British Prime Minister John Major met with President Kim Yong-sam here on Tuesday (5 March) to discuss ways to strengthen economic ties and trade between the two countries, a presidential spokesman said.

Major and Kim, who both took part in the Asia-Europe Meeting (ASEM) in Bangkok, are also expected to discuss ways to help step up cooperation between Asia and Europe.

Earlier on Tuesday, Major had talks with Prime Minister Yi Su-song. Major is also scheduled to meet with South Korean business leaders before his departure late Tuesday.

Major arrived here from Hong Kong late Monday.

ROK President, British Premier Meet, Discuss Cooperation

SK0503060296 Seoul YONHAP in English
0542 GMT 5 Mar 96

[FBIS Transcribed Text] Seoul, March 5 (YONHAP) — South Korean President Kim Yong-sam and British Prime Minister John Major met at Chongwadae [presidential offices] Tuesday morning to discuss ways to increase bilateral cooperation and follow-ups to proposals made at the first Asia-Europe meeting (ASEM) conference, which ended in Bangkok Saturday.

The two leaders agreed to work together to make both the second 1998 ASEM in London and the third 2000 ASEM in Seoul successful. A Korea-Britain joint committee will be established to implement the accord.

Kim thanked Major for the European Union's recent decision to offer financial support to the Korean Peninsula Energy Development Organization (KEDO), while Major expressed willingness to continuously urge other EU countries to participate politically as well as financially in KEDO activities.

Major was especially supportive of Seoul's consistent effort to restore mutual trust and cooperation between the South and North in pursuit of a peaceful reunification of the Korean peninsula, presidential aides said.

Major also pledged support for South Korea's bid to become a member of the Organization for Economic Cooperation and Development (OECD) and to cooperate after it is admitted to the Paris-based club of industrialized countries.

Kim and Major also agreed to work together for the speedy adoption of the recently initialed South Korea-EU Cooperation Framework Agreement and Joint Political Declaration. They agreed that close mutual cooperation was essential for the successful enforcement of the framework agreement and declaration.

The two leaders also agreed to work together toward the early conclusion of a social security tax exemption agreement, elimination of trade and investment barriers, expansion of free trade, and international cooperation.

Kim was assisted at the summit by Foreign Minister Kong No-myong, his Senior Secretary for Economic Affairs Ku Pon-yong, his Senior Secretary for Foreign and Security Affairs Yu Chong-ha, Presidential Spokesman Yun Yo-chun and Ambassador in London Choe Tong-chin.

Accompanying Major at the talks were British Ambassador in Seoul Thomas Harris, his private secretary J.E. Homes, Assistant Under-secretary of State G.H. Fry, and his Chief Press Secretary J. Haslam.

The two leaders held a press conference after the meeting, and then had lunch at the presidential mansion.

ROK President Meets Dutch Prime Minister at ASEM Meeting

SK0203095896 Seoul YONHAP in English
0811 GMT 2 Mar 96

[FBIS Transcribed Text] Bangkok, March 2 (YONHAP) — President Kim Yong-sam Saturday afternoon met with Dutch Prime Minister Wim Kok on the sideline of the first Asian-European Meeting (ASEM) to agree to expand bilateral investments and promote an early conclusion of a social security tax exemption accord.

In the talks held at the Queen Sirikit National Convention Center, the venue of the ASEM, Kim and Kok agreed to work toward an early signing of the South Korea-European Union (EU) cooperation framework agreement which has been initialed recently, Korean officials accompanying the president said.

Referring to Kok's proposed visit to Seoul in June, Kim said that it would provide a momentum for substantially boosting cooperative ties between the two countries. Kok disclosed that he would be accompanied by over 30 businessmen.

Kim explained to Kok Seoul's endeavors for joining the Organization for Economic Cooperation and Development (OECD), and Kok promised to render all possible support to Seoul's admission to the Paris-based club of industrialized countries, according to the officials.

ROK President Meets Ireland, Netherlands Premiers at ASEM Meeting

SK0403020896 Seoul THE KOREA TIMES in English
4 Mar 96 p 2

[By Korea Times correspondent Han Tong-su]

[FBIS Transcribed Excerpt] Bangkok — Korean President Kim Yong-sam and Japanese Prime Minister Ryutaro Hashimoto Saturday reiterated the two nations' longstanding claims to the rocky islets of Tokto in the East Sea; yet, the two leaders managed to avert the volatile territorial issue from snowballing into an acrimonious diplomatic row. [passage omitted]

Meanwhile, in the wings of ASEM, Kim also held bilateral meetings with Dutch Prime Minister Wim Kok Saturday and Irish Prime Minister John Bruton Sunday.

In the summit with Wim, Kim asked for the Netherlands' help in South Korea's bid to join the Organization for Economic Construction and Development (OECD), and the Dutch premier promised to support Seoul as the next site of ASEM, according to Yun [Yo-chun, ROK presidential spokesman], who was present at the meeting held at the Queen Sirikit Convention Center.

Kim said he is looking forward to Dutch premier's visit to Seoul in June, hoping that it will help boost bilateral economic cooperation between the two countries. He will be accompanied by 30 Dutch businessmen on his Seoul visit.

They agreed to improve the environment for bilateral investments by signing a social security tax exemption agreement and taking other steps. The Netherlands is the largest investor in Korea among European Union nations.

In talks with Irish Prime Minister John Bruton at the Royal Orchard Sheraton Hotel where Kim is staying, Kim asked for Irish support for the early signing of the Korean-EU economic framework agreement and joint political declaration. Ireland will chair the EU during the second half of 1996.

Kim and Bruton agreed to further increase two-way trade and investment between the two countries, which opened formal diplomatic ties in 1983, Yun said. Kim extended an invitation to Bruton to visit Seoul in the near future.

ROK, Singapore Trade Ministers Discuss Business Projects

SK0103142796 Seoul THE KOREA HERALD
in English 1 Mar 96 p 8

[FBIS Transcribed Text] Trade ministers of Korea and Singapore meeting in the city state yesterday reaffirmed

a policy of joint partaking of business projects in third countries including China, Vietnam and India, a spokesman for the Ministry of Trade, Industry and Energy (MOTIE) said yesterday.

Pak Chae-yun, MOTIE minister, met with his Singaporean counterpart, Yeo Cheow-tong. The Korean minister is accompanying President Kim Yong-sam on his three-day state visit to Singapore.

Pak singled out electronics and construction among the sectors in which bilateral cooperation is highly desirable.

"The two economies' similar development patterns leave lots of room for close economic cooperation," the Korean minister was heard saying.

Yeo agreed and suggested that two governments should pull their efforts together in taking on large construction and other projects in up-and-coming economies of China, Vietnam and India. The Singaporean minister also invited Korean businesses to look to the "triangle" growth region of Singapore, Malaysia and Indonesia.

The city state is Korea's sixth largest trading partner in the world and the third largest in the Asian region. Bilateral trade in 1995 amounted to \$8.8 billion, up from \$7 billion in 1994.

Singapore is Korea's largest overseas construction market. Last year alone, outbound Korean firms secured orders worth \$1.32 billion, which constituted 15.5 percent of the total 1995 overseas orders signed. For Singapore, Korea is also emerging as a major source of tourists.

Joint cooperation for projects in the fast-growing Asian region has been underway for several years now. In 1994, Korea's Samsung Business Group and Singapore's Kepple Group agreed to joint development projects in China, Vietnam, the Philippines, Myanmar and Indonesia.

One of them is \$20-billion project to develop Suzou, China, into an industrialized city. Outside trade and investment the two countries also run joint training programs for other Asian nationals.

ROK: President Returns Home After 10-Day Official Tour

SKD403092396 Seoul YONHAP in English
0907 GMT 4 Mar 96

[FBIS Transcribed Text] Seoul, March 4 (YONHAP) — President Kim Yong-sam returned home Monday afternoon from his ten-day tour of India, Singapore and Thailand. In Bangkok, he attended the first Asia-Europe Meeting (ASEM).

In an address delivered during the welcome-home ceremony at Seoul airport, Kim said, "since the world is changing at a frightening speed, the only way for us to survive is to foster national strength by pushing ahead more forcefully with globalization and updated information technology in all areas of the national administration."

"I earnestly ask the citizens to fully support and participate in fulfilling the mission of the times to construct a world-class country in the 21st century," he added.

With respect to what he achieved during his three-country Asian tour, Kim said he made it clear to Japanese Prime Minister Ryutaro Hashimoto that Tokto islets are considered Korean territory in terms of both history and international law.

Kim said views on major issues of the Korean peninsula and ways to improve inter-Korean relations were exchanged in his meeting with Chinese Premier Li Peng. The two leaders agreed to work together to ease tensions and secure peace on the Korean peninsula, he added.

In reference to the third ASEM conference which will be held in Seoul in the year 2000, Kim said that it will "provide the momentum needed to elevate our country's international status in an epochmaking manner."

Briefly touching on his visit to India, he said that it will be of great value in promoting South Korea's economic expansion into Southeast Asia and reinforcing Korean diplomacy with nonaligned countries.

The welcoming ceremony was attended by Prime Minister and Mrs. Yi Su-song, ruling New Korea Party Chairman Kim Yun-hwan and some 40 cabinet members and senior presidential secretaries.

ROK: Former 'Comfort Woman' Living in PRC Granted ROK Citizenship

SKD503070396 Seoul YONHAP in English
0624 GMT 5 Mar 96

[FBIS Transcribed Text] Seoul, March 5 (YONHAP) — A 71-year-old former Korean comfort woman living in China was granted permanent residency in South Korea Tuesday, over one and a half years after she applied for citizenship in June in 1994, Foreign Ministry spokesman So Tae-won said.

The woman was identified as Chong Hak-su who was assigned to a Japanese Army brothel in Harbin, Heilongjiang Province, in 1939 and escaped in 1944 to live in China, the spokesman said.

She visited Seoul in 1994 at the invitation of a Seoul church and applied for permanent residency.

Chong, born in Kyongju, North Kyongsang Province, in 1925, will be returning to Korea soon to spend the rest of her life with relatives in Kyongju, the spokesman said.

Last year the Foreign Ministry set up guidelines that allow ethnic Koreans living in China to apply for citizenship on humanitarian grounds.

Current laws stipulate that only the offspring of freedom fighters from the era of Japanese colonial rule can be granted permanent residency.

ROK: NKP's Yi Hoe-chang Addresses Rally in Kwangju

SK0503054696 Seoul THE KOREA TIMES in English
5 Mar 96 p 8

(By staff reporter Pak Sung-yong)

(FBIS Transcribed Text) KWANGJU—Yi Hoe-chang, chairman of the ruling New Korea Party's campaign committee, stressed yesterday that as long as the 1980 Kwangju civil uprising remains a regional matter, true national harmony will be impossible.

"The May 18 movement in 1980 in this southwestern city was a civil uprising that advanced the democratization of the whole nation and a locomotive of the birth of this first civilian government," Yi said.

If the movement remains a concern of a particular region alone, the former prime minister continued, the painful ordeal that Kwangju citizens suffered during the desperate struggle for democratization will never be resolved and national harmony in its true sense will not be realized. He made the remarks in a speech to a rally to select NKP candidates for the April 11 general elections to run in the Puk-B District in Kwangju, a power base of opposition leader and 1997 presidential hopeful Kim Tae-chung.

"Those standing trial for the bloody crackdown on the civil uprising should realize the historical meaning of the incident and the current government's campaign to liquidate the past wrongdoings, and should repent from the bottom of their hearts," Yi said. The last two presidents of the country, Chon Tu-hwan and No Tae-u, and their followers were arrested for their roles in a 1979 military mutiny and the crushing of the civil protest in Kwangju the following year.

"The legislation of a special law to indict the two presidents served as an important momentum for the nation to set history right and liquidate the past wrongdoings," the NKP chief campaign manager said.

Then he called on the Kwangju voters to put an end to politics based on regionalism, which also runs counter to the spirit of the May 18 pro-democracy movement.

Yi said politics driven by regional rivalry will not usher in an era of clean politics, which he said was necessary to meet the coming 21st century.

Earlier in the morning, the chief campaign manager of the ruling party visited the Mangwol-tong Cemetery, where victims of the 1980 bloody military crackdown are buried.

Paying homage to victims, Yi said, "It's really heart-breaking to see the victims buried in the cemetery," a modern symbol of civil protests against past military rule.

It is the first visit made this year by a top ruling party leader. Earlier, Rep. Kang Sam-chae, secretary-general of the NKP, visited in December.

President Kim Yong-sam tried to visit Kwangju in 1993 and 1994, but failed in the face of protests by student activists and dissidents.

The Kwangju trip by Yi, who observers say is commanding nationwide popularity, drew attention as it came amid NKP officials' hope that he will solicit support for the party in the city, currently clinched by the president of the main opposition National Congress for New Politics.

The voters of Kwangju and its surrounding Chollanam to have traditionally given uniform support to Kim. In the last general elections in 1987, the Democratic Party led by the opposition leader swept all of the 23 parliamentary seats at stake in the region.

Ruling party officials, however, said the string of Kwangju tours by party leaders could signal that the city will no longer be taboo for ruling camp.

An official of the NKP's Kwangju branch said, "Much of Kim Tae-chung's support began to shake when he returned to politics and quit the DP to create his own NCNP last year."

And when he confessed to receiving 2 billion won for his unsuccessful bid for the presidency in 1992 from jailed ex-president No, the official continued, voter sentiment changed visibly.

"However, Kwangju and Chollanam citizens will think twice if the ruling party tries to bury their political icon with unsubstantiated claims that he received more than 2 billion won from No. The whole situation will worsen for the NKP," he added.

ROK Editorial Urges Improvements in Asset Registration System

SK0203033396 (Internet) *The Digital Chosun Ilbo*
WWW in English 1316 GMT 1 Mar 96

[Editorial: "How They Made Money?"]

[FBIS Transcribed Text] Implementation of the government officials asset registration system is justifiable in that the people are able to monitor the pockets of high-ranking officials. However, it is doubtful that the system accurately does this. Loopholes and insincerity remain to plague the system.

In the third round of reporting, national assemblymen were underhanded in revealing how moneys were used after liquidation of real estate assets, leaving a wide gap in income and expenditure. Also, under reporting real estate investments is a problem.

Any report of financial status contingent upon sincerity is meaningless without it. The government, in not responding to dishonesty, is encouraging this behaviour. In the future, the ethics committee should play a role in improving how well financial reports are disclosed. In question is not the method used to make money, but rather honesty in detailing receipts and expenditures. It is appropriate and necessary to accurately state the facts when earnings or losses of tens of millions of won in stock or even remittances from family are reported. Clarification with the ethics committee should be made when common sense dictates.

Problems in the guise of loopholes remain. Most officials are accurate when reporting but a few choose to buck the system and take advantage of provisions which allow relatives, if "independent", to not report income. These cases primarily involve spouses or close family members who are registered independent if living in a separate residence. Improvement of the system and closure of these loopholes is needed.

ROK To Expand Research on Successes in Foreign Reunifications

SK0203041596 *Seoul THE KOREA HERALD*
in English 2 Mar 96 p 2

[Report by staff reporter Pae Un-chu]

[FBIS Transcribed Text] South Korea is encouraging overseas research and modeling after successfully-reunited foreign countries to prepare for its own reunification with North Korea.

Last year, the Ministry of National Unification for the first time dispatched overseas delegates, who were to research past reunifications of foreign countries.

The ministry spent 480 million won to support this government program last year.

The ministry plans to send abroad another delegation who will be stationed in foreign countries for the same purpose for about six months this year, said a ministry official in charge of this government program.

The official requested anonymity and only reluctantly spoke about the program, citing that the issue could be sensitive to North Korea. He refused to disclose this year's budget for the program.

Twenty South Korean representatives will be assigned to 11 nations, including Germany, Yemen and Vietnam, this year, the official said. They will be trained to prepare for a possible reunification of South and North Korea during their overseas stay.

"The delegates will exclusively research the experiences of foreign countries which succeeded in reunifying their nations," he said. "They were selected from 16 different central government organizations. The Ministry of National Unification, in particular, is sending more delegates than other government bodies."

The selected official had applied for the overseas assignment by submitting their research plans to their respective agencies, he said. Linguistic ability was a key criterion in the selection process.

The delegates, chosen from various core government organizations, will report the outcome of their research to the Ministry of National Unification. The accumulated information and know-how will be used to develop pre- and post-reunification policy.

"We are still in the preliminary stage of gathering data from foreign countries," the ministry official said. "But I hope that we will continue to expand this program in the future."

As part of that effort, the ministry has expanded the number of countries of destination from last year's four — Germany, Russia, China and the United States — to 11 this year.

The ministry official said that Germany's reunification set a particularly good precedent for the South Korean Government.

"We are trying to learn as much as possible how the German Government has adapted former East Germany to the market economy and overcome social and cultural differences since reunification," he said.

Research on transition from central planning to the market economy is in the domain of officials from the Ministry of Finance and Economy.

"Representatives from the Ministry of Finance and Economy will also concentrate on how to prepare for any currency problems that may occur after reunification," said an official from the Ministry of National Unification.

Likewise, the official said, representatives from the Ministry of Labor will focus on how to use the labor force more efficiently.

In addition to its own research, the South Korean Government also plans to invite foreign countries to share their information on their reunification and offer advice on the reunification of the Korean Peninsula.

The Ministry of National Unification plans to hold a regular international forum starting this year.

"We are planning to invite experts on Korean affairs from neighboring countries, such as China, Japan, the United States and Russia," said Mun Mu-hong, a chief policymaker at the ministry.

ROK: Demand for Food Imports Increases Despite High Duties

SK0203043696 Seoul THE KOREA HERALD
in English 2 Mar 96 p 8

[FBIS Transcribed Text] In 1995, the nation imported more farm products than the mandatory import quotas set under the World Trade Organization's minimum market access (MMA) rules, according to the Ministry of Agriculture, Forestry and Fisheries yesterday.

Under MMA guidelines, the nation imported 51 agricultural items from the harmonized commodity description and coding system (HS) last year, and 36 of these items surpassed obligatory quotas.

For instance, pork imports amounted to 34,193 tons compared to the 17,623 ton quota and 15,384 tons of oranges, mostly from the United States, were imported vis-a-vis the 14,986-ton quota. Ginseng imports were also seven tons more than required by the 35-ton quota.

Onion, garlic and red pepper imports also exceeded quota requirements.

Ministry officials said an increase in demand accounted for the additional imports. Trading houses imported such items in spite of the high duties imposed on excess imports.

Under the current market access rules the nation imported 59 HS farm items last year, and 54 of these surpassed the low tariff quota.

For example, beef imports totaled 161,411 tons, up 12.8 percent from 1994, and 24,621 tons were beyond the

quota for the low tariff rate, and were therefore subject to the higher rate.

Of the 220 agricultural imports which were partially or wholly liberalized, 128 items were actually imported at a total price of \$2.89 billion last year.

ROK: Large Increase in Foreign Direct Investments Noted

SK0403021296 Seoul THE KOREA TIMES in English
4 Mar 96 p 9

[FBIS Transcribed Text] Korea's outbound investment has been increasing as big companies rush abroad in larger numbers this year.

According to a report released by the Bank of Korea yesterday, Korea's foreign direct investment amounted to about 492 million dollars in 137 projects in January on an approval basis.

January's outbound investment represented an increase of 3.8 percent in terms of project number but a whopping 62.1 percent in terms of value over the same month of 1995.

The central bank said the per-project value rose from 1.8 million dollars in 1994 to 3.2 million dollars in 1995 and 3.6 million dollars last January. In January, investment approvals for small and medium-sized companies numbered 80, accounting for 58.4 percent of the total. In terms of value, however, the proportion of small and medium-sized firms stood at 14 percent with about 69 million dollars.

Investment approvals as of the end of January were worth 14.2 billion dollars in 6,284 projects, 68.7 percent of which were small and medium-sized companies. The share of small and medium-sized firms in terms of value stood at 20.6 percent.

Manufacturing investments numbered 83 and were worth 131 million dollars in January, topping the list of industries in terms of project number. But in terms of value, investment in trading ranked first with 253 million dollars.

The central bank attributed the large share taken by trading to the fact that such large manufacturers as Hyundai Heavy Industries and Samsung Electronics won approvals for sales subsidiaries in the United States and Britain.

**ROK Research Group: ROK 'Damaged' by
Antidumping Duties**

*SKD403021796 Seoul THE KOREA TIMES in English
4 Mar 96 p 8*

[FBIS Transcribed Text] Korea has gotten the most serious damage by the "indiscriminatory" anti-dumping duties imposed by the European Union, according to an upstart German economic research organization.

In terms of percentage of export goods subjected to the anti-dumping measures among the total export volume in 1994, Korea recorded 20 percent, topping the list along with Pakistan and followed by Japan's 8 percent. Korea lost 1.5 billion ECU (about 2.2 billion dollars) during the same period due to anti-dumping duties, according to Germany's Economic Research Institute, known by its German acronym DIW.

The EU applied the anti-dumping measures in some 200 cases during the 1990-95 period and 44 nations have been hurt, mostly in Asia and the former East European nations.

Japan's losses were estimated at 4.5 billion ECU, says the institute in a report acquired by the Korea Trade Investment Promotion Agency (KOTRA).

The DIW heaped strong criticism of what it termed "indiscriminatory" anti-dumping duties.

What matters most is the "unfairness" of the anti-dumping measures, says the DIW report.

It asserts that the EU has employed means that are too arbitrary and complicated to determine what constitutes dumping.

The EU subjected imported goods to dumping measures when their prices were higher in the EU market rather than in the exporting nations.

This, however, is inappropriate as each nation's firms are entitled to come up with different prices in different markets, the institute said, citing the fact that the EU nations have also adopted "price discrimination" policies.

Second, EU's measures have been taken in an effort to protect its weakened industries, rather than to prevent unfair trade, said the DIW.

This violates the original purpose of anti-dumping measures, it said.

The institute also pointed out that consumers in general have lost due to rising consumer prices following anti-dumping measures.

KOTRA's branch office based in Brussels said the DIW's assertion is gaining support in the Europe,

although anti-dumping policies have been regarded as natural for the protection of the EU industries.

It called on the domestic industries to employ aggressive steps for the correction of anti-dumping measures.

**ROK To Liberalize, Open Financial Markets to
Foreign Firms**

*SKD203024396 Seoul YONHAP in English
0829 GMT 29 Feb 96*

[FBIS Transcribed Text] Seoul, Feb. 29 (YONHAP) — South Korea plans to allow foreign securities firms to become stockbrokers for Korean investment in overseas stocks and bonds, its top economic official said Thursday.

Na Ung-pae, deputy prime minister and minister of finance and economy, told foreign journalists here that his government will push for further liberalization and opening of the domestic financial market this year.

In his luncheon address at the Seoul Foreign Correspondents Club, Na said that foreign companies which meet certain requirements will be allowed to list their stocks on the Korea stock exchange this year.

The theme of the speech was the "Main Policy Goals for the Korean Economy in 1996: Smoothing the Process of Economic Restructuring."

"In addition, the stock investment ceiling for foreigners will continue to rise, and a stock index futures market will be established with limited participation granted to non-residents," he said.

In accordance with Na's remarks, the ministry said that it will attempt to revise the securities and exchange law this year, which will permit foreign securities firms to conduct brokerage operations on outward portfolio investments.

They will also be allowed to deal in stocks issued by domestic companies on foreign exchange markets, according to the ministry.

As of now, 28 of 33 joint-venture or domestic firms are offering such services. But with the new policy, about 14 foreign securities companies here are expected to join the pack.

"Also, the bond market will undergo a further opening, including the introduction of the country fund," Na said.

He added that the government is also attempting to replace the current foreign capital inducement act with a new investment promotion law. The new statute would declare a principle of equal treatment and adopt new

regulations currently being discussed in the organization for economic cooperation and development code, multilateral agreement on investment, and Asia-Pacific economic cooperation.

ROK Ministry Moves To 'Manage' Stock Market Artificially

SK0503054496 Seoul THE KOREA TIMES in English
5 Mar 96 p 9

[By staff reporter Yi Chang-sop]

[FBIS Transcribed Text] Ahead of the crucial general elections set for April 11, the government has begun to "manage" the stock market artificially.

The government has let the five-trillion won Stock Market Stabilization Fund resume buying new stocks, hoping to increase demand for stocks. Furthermore, it has authorized the three Seoul-based deficit-ridden investment trusts to mobilize about 3.3 trillion won from customers by establishing funds devoted to investing in short-term and high-yielding money market instruments.

The measures are taken after it failed to boost the stock market following the announcement late last month of its plan to increase the foreign aggregate stock ownership ceiling to 20 percent by the end of this year.

The government, finding that the three Seoul-based ITCs (investment trust companies), the biggest stock investor group, are selling massive stocks to mobilize money to finance their red ink operation, has allowed the ITCs to raise about 3.2 trillion won in short-term funds by increasing the amount of such money market instruments as certificates of deposit (CDs) and other company papers to 15 percent of their "short-term bond-type funds," up from the current 10 percent ceiling.

This will result in an additional cash inflow of 3.2 trillion won into the three Seoul-based ITCs. This should discourage them from selling their stock holdings, thus giving the anemic stock market added vitality, analysts said.

The ITCs were also allowed to set up funds scaled at 1.1 trillion won, through which listed companies are able to buy back up to 10 percent of their outstanding stocks, double the current 5 percent ceiling. The stock buyback program was instituted to protect listed companies from hostile outside takeover bids.

The government also has asked the state-controlled Korea Securities Finance Corp., often called the bank for securities houses, extend 300 billion won in bail-out funds at an annual interest rate of 6 percent to the Citizens Investment Trust Management Co. (CITMC).

Korea Securities Finance Corp. had already extended 1.64 trillion won in emergency funds to the three ITCs.

The Ministry of Finance and Economy said ITCs were given more freedom to deal in new products they develop to help them attract more deposits.

An MOFE official said by giving ITCs the power to mobilize new cash, the government hopes to discourage them from selling their stock holdings, thus improving the stock market situation.

The three Seoul-based ITCs are a big headache for the government. Their combined debt is more than six trillion won. All of them are deeply in the red due mostly to the stock market slump. Their woes originated from the government's abusing them in the late 1980s as a tool to stabilize the bearish stock market at the time.

Without state assistance, all of them would be vulnerable to bankruptcy.

The troubles of these ITCs are surfacing ahead of, the nation's, planned opening of the sector. Last year, the government set forth the liberalization plan for investment trust and investment advisory business. Under the plan, foreign investment trust companies, widely known as fund managers, are allowed to set up; branch offices and joint venture investment trust companies from this year.

The government is mobilizing the Stock Market Stabilization Fund at a time when it is under international pressure to disband the state-controlled stock manipulation tools.

ROK Plans To Establish Globally Integrated Procurement System

SK0503093596 Seoul YONHAP in English
0833 GMT 5 Mar 96

[FBIS Transcribed Text] Seoul, March 5 (YONHAP) — With the South Korea's Government procurement market scheduled to open next year, officials have decided that it is time to revamp its procurement system.

The Finance and Economy Ministry formed an 18-member task force Tuesday, that is going to spend the next five months coming up with a government procurement system that is globally integrated.

Headed by An Pyong-u, chief of the ministry's Planning and Management Office, the task force is made up of director-generals from related ministries, college professors, executives of government-financed enterprises and senior researchers at research institutes.

The task force is supposed to come up with a new and improved formula that reflects the requirements

of doing business on an international scale. To do so, it will analyze current institutions that may violate international government procurement conventions, and find out the provisions of the convention, relevant laws and institutions in countries where the convention has gone into effect, and the measures required for construction ventures in industrialized countries.

The government contract law which was passed last July, reflects the international principles of the government procurement convention. The Finance and Economy Ministry plans to amend the law to include specific government procurement guidelines that will only apply to international bids.

It is planning to do away with the current system that requires a foreign bidder to have a local partner, ministry officials said.

The South Korean Government signed the international government procurement convention in December 1993. It was signed by 22 countries including the United States, Japan and European Union members, and took effect this year. South Korea, however, has decided to implement the accord beginning next year.

ROK Foreign Ministry Announces New Ministry, Diplomatic Assignments

*SK0503072196 Seoul YONHAP in English
0653 GMT 5 Mar 96*

[FBIS Transcribed Text] Seoul, March 5 (YONHAP) — Ambassador to Egypt Chong Tae-ik has been appointed deputy foreign minister for political affairs, the Foreign Ministry said Tuesday.

Chong Mu-sam, a former counsellor at the South Korean Embassy in Namibia and currently in charge of a task force for the construction of a diplomatic center, has been named consul-general for Seoul's mission in Pakistan.

Chong Tae-ik, a graduate of the college of law at Seoul National University, served as director general of the ministry's American Affairs Bureau, presidential secretary for foreign affairs and national security and counsellor at the South Korean Embassy in Washington.

Chong Mu-sam served as consul at Seoul's Consulate General in Chicago and as director of the ministry's Middle East Division.

He majored in French language and literature at Songgyungwan University and pursued graduate studies at the American University in Cairo, Egypt.

ROK To Recruit Foreign Scientists, Engineers To Improve R&D

*SK0403111096 Seoul YONHAP in English
0627 GMT 4 Mar 96*

[FBIS Transcribed Text] Seoul, March 4 (YONHAP) — South Korea is going to recruit foreign scientists and engineers to improve its research and development (R&D) capability, according to the Trade, Industry and Energy Ministry [MOTIE].

Believing that the U.S. Government is going to lay off many scientists and engineers of its research institutes, including the National Aeronautics and Space Administration, as a result of the recent cuts in its R&D budget, the South Korean Government, in cooperation with the industrial community, is going to hold what it calls a foreign researchers employment fair in the United States, targeting those who will be laid off from U.S. Government laboratories.

Ministry officials said the tax exemption for foreign scientists and engineers will be extended from the current five to 10 years.

Foreign scientists and engineers with a Ph.D. degree will be given the tax holiday even if they have no research experience.

The tax break is currently granted only to those who have worked for at least five years in their areas of study and those who have worked at least three years after having earned a bachelor's degree.

ROK Editorial Questions Prosecutors' Attitude in Bribery Cases

*SK0103141396 (Internet) The Digital Chosun Ilbo
WWW in English 1242 GMT 1 Mar 96*

[Unattributed editorial: "Prosecutors' Political Habits"]

[FBIS Transcribed Text] The attitude of prosecutors investigating the alleged bribes relating to the oil tanker Sea-Prince has suddenly changed. When prosecutors first arrested the head of Yochon County and the head of the Yosu Marine Police Station, who were in charge of managing clean-up operations after the Sea Prince oil spill occurred, they demonstrated great resolve in carrying out their investigations and clamoured for the imposition of heavy penalties for crimes they denounced as dirty and immoral.

However, once it became known that Assemblyman Sin Sun-pom accepted 10 million won by way of bribe in relation to the incident, and suspicion was also cast upon Yu Sang-sik, chief of the Marine Police Office, for also taking bribes, the prosecutors started to retreat in their

efforts and it now seems unlikely that their investigation will be expanded.

The fact that Yu was subsequently cleared of any wrongdoing is fortunate for both his reputation and that of the police force, however, unfortunately the prosecutors' decision itself seems dubious.

Prosecutors have stated that although the now detained president of the Hoyu Shipping Company admitted in a statement that he had paid 30 million won directly to Yu, they had to release Yu from suspicion because of difficulties in tracing the cheques involved and, consequently, establishing solid proof of the bribe. The 1 million won cheques allegedly passed to Yu must, however, under Korean law, have been passed through a bank meaning that documentary trails would have been left. What furthers makes us shake our heads is the fact that prosecutors are reticence to pursue forcefully this quite tangible investigation but are fully prepared to base charges against previous presidents on a grand "comprehensive bribe theory" in the apparent lack of actual concrete evidence.

The reason given by the prosecutors for indicting Sin without taking him into custody, namely that he is currently serving as a fourth-term parliamentarian and that the amount of the alleged bribe taken by him is the minimum required to trigger the Law on Aggravated Punishment for Specific Crimes, may well be justifiable, however the prosecutors' decision to detain the Yosu Marine Police and Yochon County Chiefs in respect of allegedly similar indiscretions is none other than unfair and indicative of a double- standard.

One wonders whether the prosecutors, as on past occasions, in releasing Yu from suspicion and declining to detain Sin are attempting to avoid the risk of conflict between themselves and the police agencies. Certainly, if the prosecutors curtail their current investigation and emerge having caught small fish after intentionally deflecting suspicion away from matters of a larger scale, then they can only suffer a long-term loss of public confidence in them.

ROK Army Deserter Surrenders to Search Unit

*SK0503025696 Seoul THE KOREA HERALD
in English 5 Mar 96 pp 3, 4*

[FBIS Transcribed Text] An Army soldier who deserted his barracks in Pochon, north of Seoul, armed with

five hand grenades, surrendered himself last night to an Army search unit near his barracks, the Army said yesterday.

An Army spokesman said that Pfc. Chang Yong-pae, 20, of the 6th Engineer Brigade who broke out at around 3:30 in the afternoon [0630 GMT], surrendered at 9:55 p.m. [1255 GMT] at a hill near his barracks. It was not made known immediately why he had deserted with grenades.

ROK: Explosion at Explosives Plant in Yosu Causes Deaths, Injuries

*SK0503055196 Seoul KBS-1 Radio Network
in Korean 0500 GMT 5 Mar 96*

[FBIS Translated Text] Around 1030 [0103 GMT] this morning, an accidental explosion occurred at the Hanhwa explosives plant in Sinwol-tong, Yosu. Pak Hae-yong, 35, residing in Sinwol-tong, Yosu, and another person died in the accident, and four others were injured. Chi Chang-hwan reports from Yosu:

[Chi] Around 1030 this morning [0130 GMT], an explosion occurred at the Hanhwa plant in Sinwol-tong, Yosu. Pak Hae-yong, 35, residing in Sinwol-tong, Yosu, and Yi Pong-cha, 23, residing in Wonha-tong, Yochon, were killed in the accident. Paek Hyong-kuk, 39, residing in Yondung-tong, Yosu, and three others were injured and are now hospitalized at Yosu Songsim Hospital. The interior of the plant was burned.

The accident is believed to have been caused by static electricity sparks during production. Hanhwa's Yosu plant produces explosives according to defense contracts. The plant opened in 1976. The plant is not allowing the media to approach the plant and is not disclosing any details regarding the accident.

Burma

Burma: French Oil Company TOTAL's Field Compound Attacked

BK0403152896 (Internet) BurmaNet News in English
4 Mar 96

[FBIS Transcribed Text] Press Release — On February 8th, 1996, an unknown armed group using a 107 rocket launcher attacked the field office of the French oil company TOTAL. Confirmed reports state that four local staffs were killed in the attack and five others were wounded. One French citizen was allegedly killed. The attack took place in the Kan Bauk area where TOTAL has set up its field office of the proposed gas-pipeline that is due to run from the Yadana gas field, through ethnic land and into Thailand.

According to local sources on the 12th February, SLORC [State Law and Order Restoration Council] Light Infantry Battalion 273 (LIB 273), entered the Karen village of Eindayaza close to where the attack occurred and took 11 Karen civilians including the village headman and beat them to death. Two women were also taken by SLORC troops, stripped naked and tortured, one woman is now unrecognizable. Two other women and one man, Naw Ser Ser, Mugar Theh Ner and Saw Gon Ray have been arrested and are currently being held in the local SLORC jail.

It is believed that these human rights atrocities have been conducted as retaliation for the attack on the TOTAL field office. There have been many substantiated reports of human rights abuses from the pipeline area which is being recognized by the human rights community as a result of the relationship between the French oil company and the SLORC military who have been condemned by the international community for its abuses against the many communities living in the area. It was the second attack to the TOTAL company by the unknown armed group. In the first week of March, 1995, a group of TOTAL company staffs was attacked. Five were killed and 11 were wounded.

ABSDF (All Burma Students' Democratic Front) News Agency

ABSDF (DAWN GWIN)

Burma: Opposition Leader Criticizes UK Deals in Burma

MS0103133096 London THE TIMES in English
1 Mar 96 p 13

[Report by Joanna Pitman: "British Deals in Burma Condemned"]

[FBIS Transcribed Text] Rangoon — British business should not be rushing in to make cosy commercial deals with repressive military regimes. Aung San Suu Kyi, the Nobel Peace Prize winner and opposition leader in Burma, has said.

In a devastating critique of British policy in her country, Daw Suu Kyi, who was released from house arrest last July but who still struggles under heavy restrictions, made plain her anger.

"It is clear that the British are more interested in making money than in helping us to achieve democracy," she told me at her dilapidated central Rangoon home, where she was held under house arrest for six years. Her remarks were carefully timed to coincide with John Major's visit to Bangkok for the Asia-Europe summit. "People who come here to make cosy little business deals pretending that nothing is wrong should be made aware that there certainly are martyrs in Burma, millions of them... As long as the trickle of money continues to come into Burma, the authorities have no incentive to yield to our demands for democracy. The British are taking a short-term view in investing and supporting the present conditions of government, which are not good for the people of Burma. It is not something one could ever be proud of.

In 1995 the largest injection of foreign investment came from Britain — 17 projects worth 418 million pounds, considerably more than the sum invested by the usual investors from Singapore, Taiwan, Malaysia and Hong Kong.

Early indications are that the summit, the first direct dialogue between Europe and Asia, will vigorously avoid the tendentious issue of human rights.

The Japanese delegation, which appeals to be the engine behind concerted Asian positions on a number of issues, has ruled out discussions of human rights as "controversial and therefore irrelevant".

Burma: Two Shan Armed Groups Agree To Form Alliance

BK0403113096 Oslo Democratic Voice of Burma
in Burmese 1100 GMT 3 Mar 96

[FBIS Translated Text] Aung Hlaing U has filed the following report from the Thai-Burmese border:

A meeting between Colonel Sut Kanywet's SSNA [Shan State National Army], a group that broke away from the MTA [Mong Tai Army] to continue the struggle for the Shan national cause and later cooperated with the SLORC [State Law and Order Restoration Council] in June 1995, and the SSA [Shan State Army], who reached a cease-fire agreement with the SLORC in 1989, held a meeting at San Kyauk Camp in Shan State on 5-7 January. At the meeting, a decision to merge the two forces was reached. The SSNA was represented by the central committee members, led by Col. Sut Kanywet, and the SSA was represented by Sut Lwemaw, Sut Panpha, Sut Kanfa, and other top leaders. They have agreed to attack the SLORC military clique if required to do so. Sut Sai Nauk and Sut Ya Pi were absent from the meeting because they are attending the National Convention. An agreement was reached to call the SSNA and SSA — the SSLA [Shan State Liberation Army]. At the meeting it was also decided to form a new 15-member — eight SSNA members and seven SSA members — Central Work Committee to be headed by Sut Sai Nauk. Another meeting was to be held in the last week of January. They will issue a statement in the near future. It is estimated that the joint SSNA-SSA will comprise approximately 8,000 soldiers.

Burma: 135 More MTA Members Surrender 29 Feb
*BK0103050796 Rangoon TV Myanmar Network
 in Burmese 1330 GMT 29 Feb 96*

[FBIS Translated Text] Members of the MTA [Mong Tai Army] — having abandoned the narcotic drugs trade, having realized the genuine goodwill of the Defense Services, and seeking forgiveness for their past wrongdoings — have been continually returning to the legal fold and surrendering their arms to the Defense Services unconditionally from 5 January until today.

At 0830 on 29 February 1996, a ceremony to mark the MTA's return to the legal fold was held at the monument grounds in Namsang. A total of 135 MTA members — a group of 105 MTA members led by Brigade Commander U Aung Tun from the MTA's 8th Brigade and another 30 MTA members led by Brigade Commander U Lwe Cho from the MTA's 273rd Brigade — returned to the legal fold after surrendering 96 assorted arms, two communications sets, and 11 walkie-talkies to the Defense Services.

The ceremony was attended by Brigadier General Tin Htut, commander of Eastern Military Command; Lieutenant Colonel Khin Maung Soe, acting commander of the No. 1 Tactical Operations Command; military officials; departmental personnel; Union Solidarity and Development Association members; and local people.

After a welcoming address by Brig Gen. Tin Htut, Brigade Commanders U Aung Tun and U Lwe Cho asked for forgiveness for their past wrongdoings and pledged to work for the people.

After the ceremony, the regional commander, the tactical operations commander, and the regimental commanders cordially greeted the MTA members individually, gave them the necessary assistance, and made arrangements for them to return to their homes.

MTA members led by U Khun Sa have realized the genuine goodwill of the state and the Defense Services and have unconditionally returned to the legal fold after surrendering their arms. A total of 13,382 MTA members have returned to the legal fold from 5 January until today, surrendering 7,944 large and small arms, assorted ammunition, and mines. It has been learned that some have not yet surrendered.

Burma: Government, Karen National Union Agree to Cease-Fire

*BK2902053196 Bangkok THAILAND TIMES
 in English 29 Feb 96 p A2*

[Report by Atsawin Phinitwong]

[FBIS Transcribed Text] Tak — Karen National Union forces (KNU) and the Burmese Government agreed to a ceasefire of their 47-year war and the repatriation of some 70,000 Karen refugees inside the Thai border, according to a high-ranking KNU official yesterday.

The negotiations took place when a KNU delegation led by KNU Secretary-General Mahn Sha Laphan went to Moulmein province February 14-23, and met with Maj Gen Ket Sein, a leading member of the ruling State Law and Order Restoration Council (SLORC).

The official said the KNU had 12 proposals, which included the ceasefire, but the Burmese Government accepted only 7 of them.

He said the ceasefire will cover the whole of Burma and that the SLORC will have to solve political problems quickly. The ceasefire agreement must be overseen by United Nations officials as well as international officials, the spokesman added.

The KNU will accept about 70,000 Karen refugees along the Thai-Burmese border, with the condition that the SLORC must allow them to receive assistance from the United Nations High Commissioner for Refugees (UNHCR), said the official.

The KNU proposals denied by the Burmese mostly concerned Karen administrative autonomy. The KNU claimed a large area, which is presently under Burmese

control. They also claimed the area now occupied by the Democratic Karen Buddhist Army (DKBA), a KNU offshoot.

KNU President Gen Bo Mya has called for a meeting of 35 KNU leading figures to reach a resolution over the proposals which the Burmese Government denied. It is expected talks between the SLORC and the KNU will be held soon.

The KNU have been fighting with the Burmese Government since a year after Burma received independence in 1948.

Burma: KNU Issues Statement on Negotiations With SLORC

BK0103161796 (Internet) BurmaNet News in English
29 Feb 96

[Report by the All Burma Students Democratic Front News Agency: "KNU Delegation Back After the Talk"]

[FBIS Transcribed Text] Dawn Gwin — The preliminary delegation of the Karen National Union (KNU) arrived back at the KNU Headquarters on February 24, 1996 after their meeting with the SLORC [State Law and Order Restoration Council] representatives, according to the press statement by the KNU Department of Information released on February 28, 1996. The six-member delegation led by Mahn Sha Lar Phan left for Burma on February 14 for commencing substantive dialogue with the SLORC. Talks were held in Moulmein on the 15th and 16th of February. Col. Thein Shwe, Col. Kyaw Thein, Col. Aung Thein, Lt. Col. Maung Toe, Lt. Col. Myo Myint, Maj. Khin Maung Kyi, Maj. Myo Myint and Maj. Thet Tin Sein represented the SLORC delegation and U Khun Myat, U A. Soe Myint, Saya Tun Aung Chein, Saya Henson Tardaw, Saya Mar Gay Gyi and Saya Saw Richard acted as mediators.

After the meeting in Moulmein, the KNU preliminary delegation had a guided tour of Rangoon from February 17 to 22 and also had an unofficial meeting with the SLORC Secretary (1), Lt. Gen. Khin Nyunt on February 22, 1996.

According to the press release, the KNU proposed for suspension of military activities during the period of negotiation and discussed matters related to it. Further discussions revealed that there were differences between the positions of the KNU and the SLORC with regard to the establishment of cease-fire and genuine peace, it said. For the further process of negotiation, the statement said, the KNU will have to take time and hold internal discussions and deliberation on a wider basis. No specific date for the next round of talk was unknown [as received], but the KNU said KNU will resume talks

with the SLORC at a suitable time for the establishment of national unity and genuine peace.

Burma: Casualties of KNU-DKBA Clash Reported

BK2902052996 Bangkok BANGKOK POST
in English 29 Feb 96 p 6

[Unattributed Report]

[FBIS Transcribed Text] Mae Sot, Tak — At least 35 soldiers were killed in heavy fighting between the Karen National Union (KNU) and Rangoon-backed Democratic Karen Buddhist Army (DKBA) troops early Tuesday in an area opposite Mae Sot, a rebel source said.

The source said 300 KNU soldiers of the 24th Battalion, 7th Division, led by Col Kyaw Nee pounded a DKBA position at Tichara Botae with mortars and recoilless guns.

The attack on the position, about 10km west of the border opposite Ban Wang Kaeo began at 3 a.m.

The DKBA were reinforced by 400 Burmese Government troops and both sides engaged in heavy fighting. The din of machine gun fire was heard clearly in Mae Sot town.

The KNU withdrew at about 8 a.m., said the source, confirming that at least 30 government and DKBA troops were killed while the KNU sustained five killed and seven wounded.

A Thai military source said the attack was in retaliatory for the DKBA raid on Mae La refugee camp in Tak's Tha Song Yang District early last month which killed senior KNU officer Hta Lu, 71.

The two sides have frequently clashed for control of logging areas near the border with Thailand.

Burma: Joint KNU-ABSDF Force Takes Over DKBA Camp 2 Feb

BK0403124596 Oslo Democratic Voice of Burma
in Burmese 1100 GMT 4 Mar 96

[FBIS Translated Text] Aung Hlaing Oo filed the following report from the Dawn Gwin Studio of the ABSDF [All Burma Students' Democratic Front]:

About 200 members of the KNU [Karen National Union] and the ABSDF Student Army, a joint force, attacked the DKBA's [Democratic Karen Buddhist Army] (Hmuyaw) Camp at 0400 on 2 February and managed to take over the camp by 0700. During the attack, six DKBA members were killed and seven were wounded. The ABSDF Student Army source

says the fighting also took place with the SLORC's [State Law and Order Restoration Council] No.97 Light Infantry Battalion that is supporting the DKBA at [name indistinct]. One SLORC soldier was killed and two were wounded in the fighting. The joint force also seized two pistols, including bullets, 60 RPG's [rocket-propelled grenades], a large amount of other ammunition, (?cash), and a sawmill. One member of the joint force was slightly injured during the fighting.

Burma: Buddhist Karen Group Offers Peace Talks With Rivals

BK0403071596 Bangkok THAILAND TIMES in English 4 Mar 96 p A2

[Unattributed report]

[FBIS Transcribed Text] Bangkok — The Democratic Karen Buddhist Army (DKBA) has proposed the rival Karen National Union (KNU) for a cease-fire negotiations following the latter's 7th Division offensive on its troops, a Thai military source said yesterday.

A KNU raid on the DKBA's stronghold at The Sala on Friday resulted in 30 DKBA casualties; The Sala is about six kilometers from Thai border opposite Tak province.

The source said DKBA leaders sent a dispatch to KNU leaders in the 7th Division, urging for cease-fire talks.

The DKBA said, in order to promote peace, it has wavered any aggression towards KNU forces for some time now, said the Thai source quoting the letter.

The KNU has been accused of ignoring the DKBA's peace proposal, instead have been steadily reinforcing forces for further offensives against its former ally. The DKBA's move towards cease-fire was seen as a pressure from the Burmese government, which recently made some progress on peace deal with the last remaining ethnic rebel group.

The DKBA, a splinter group of KNU, allied with Burmese government troops in late 1994 and helped Rangoon overrun the KNU strongholds in early 1995.

Burma: SLORC Begins Offensive To Take Over KNPP Areas

BK0203155796 Oslo Democratic Voice of Burma in Burmese 1100 GMT 2 Mar 96

[FBIS Translated Text] Aung Hlaing U has filed the following report:

No.102 Light Infantry Battalion (LIB), No. 421 LIB, No.423 LIB, and No.424 LIB under the Loikaw-based No.7 Regional Control Command Group of the No.3 Tactical Operation Command of the SLORC's [State

Law and Order Restoration Council] Eastern Military Command, have been severely pounding the defense columns on Naunglon Ridge, an area jointly controlled by the KNPP [Karenni National Progressive Party] and students, with heavy weapons since at 0700 on 2 March. It has been learned that both sides have been confronting each other in engagements. The SLORC troops have been marching toward Naunglon Ridge since 25 February. The battles between the two sides started on 1 March. The Loikaw-based No.7 Regional Control Command Group is directing this offensive to completely take over the areas controlled by the KNPP, and it is employing three tactical operation commands and 27 battalions for the offensive. It has been learned that Colonel Kyaw Khin Soe is directly commanding the three tactical operation commands in the Naunglon Ridge offensive and he plans to take over all the KNPP areas by 27 March.

Burma: SLORC Troops Repulsed in KNPP Area Fighting

BK0403131196 Oslo Democratic Voice of Burma in Burmese 1100 GMT 4 Mar 96

[FBIS Translated Text] This report is from the ABSDF [All Burma Students' Democratic Front] News Agency.

Heavy fighting between the SLORC [State Law and Order Restoration Council] units and the joint units of the KNPP [Karenni National Progressive Party] and the Student Army took place on Naunglon Ridge, located about 24 kilometers northeast of Mae Hong Song near the Thai-Burmese border, on 2-3 March. On 4 March, about 2,500 soldiers of the SLORC's 102d Light Infantry Battalion, and the 21st, 23d and 24th divisions staged an offensive while the SLORC units fired more than 500 rounds of mortar shells on Naunglon Ridge. Shelling started just after 0700, and more than 500 rounds landed on the ridge by 1300. Close combat and bayonet fighting took place at 1330, and the SLORC troops retreated at 1630 without success.

SLORC units also fired heavy weapons around 0800, and staged an offensive on 3 March, but they retreated within a few minutes without success, following bayonet fighting. Actual casualties are not yet known but bodies of many SLORC soldiers are lying in the battle area. To take over the whole KNPP area by 27 March, Tactical Operation Commander (Win Hla) is leading 27 battalions and has been attacking Naunglon Ridge, the KNPP-ABSDF stronghold, since 25 February.

**Burma: SLORC Chairman Urges Elimination of
'Destructive Acts'**

*BK0203133296 Rangoon Radio Myanmar in Burmese
0130 GMT 2 Mar 96*

["Peasants' Day Message" by Senior General Than Shwe, chairman of the State Law and Order Restoration Council, on 2 March — read by announcer]

[FBIS Translated Text] All esteemed peasantry: 2 March 1996 is Peasants' Day, which is a day observed annually in honor of all the peasantry throughout the Union of Myanmar [Burma]. On this auspicious occasion, I wish good health and happiness to the entire mass of Myanmar [Burmese] peasants. May you all achieve success in your agricultural tasks.

The peasants constitute a work force producing food needed on a daily basis that is essential for the existence of the national brethren. The agricultural production of the peasants is, indeed, the most basic and strongest commodity production sector of the Union of Myanmar. Therefore, the state government has been striving, accomplishing, and working from all directions on behalf of the welfare and progress of the peasants, on whom the food sufficiency of the national people and the economic development of the nation mainly depend.

All esteemed peasantry, with a view to turning the Union of Myanmar into a modern and developed nation, the State Law and Order Restoration Council [SLORC] has laid down political, economic and social objectives and has been implementing them. In the nation today, peace has been restored and the rule of law has been secured and, at the same time, success has been achieved in forging national consolidation, since tasks have been undertaken pragmatically with deeds and not with mere words.

Despite hindrances from within and without the country, progress has also been made in efforts to write an enduring new constitution so as to modernize and develop the nation and to guarantee its perpetuity. It is most impressive to see that the peasant delegates are actively participating in the deliberations at the National Convention, which is trying to formulate the fundamental principles for the new state constitution. The entire mass of the peasantry, including the peasant delegates, are urged to continue carrying out their work dutifully in an appropriate way to achieve the objectives of the National Convention.

Agriculture has been employed as a basis for striving for the economic development of the nation, and this indicates that the state relies very much on the agricultural tasks of the peasantry. Accordingly, the state has been spending substantial amount of funds and apply-

ing all available means to extend the farm acreage, to supply sufficient water, and to extensively employ farm machinery and equipment. The state also is providing quality strains and chemical fertilizer, cultivation techniques, and financial assistance to boost the crop yield. Paddy yield has indeed increased year by year due to the state's proper arrangement and assistance, and the efforts of the peasantry. This year the peasantry are urged to try their utmost to boost the yield of all crops, including beans, sugar cane, cotton, jute and so on, in addition to paddy, by engaging in double and multiple cropping.

All esteemed peasantry, in the country today, firm foundations have been laid for stability, peace, and progress, since the SLORC has implemented the correct political economic and social objectives. The destructive elements within and without the country, on the other hand, do not want to see this positive condition and, thus, they are resorting to all possible means to disturb and disrupt the maintenance of the stability, peace, rule of law, and national consolidation program; to obstruct the ongoing movement of the National Convention, which is trying to formulate the fundamental principles for the new constitution; and to sabotage all the political, economic, and social endeavors of the SLORC.

The mass of peasants, who have great historical traditions, has to fight and eliminate these destructive acts for the sake of the national cause by joining hands with the state government. It is also necessary to crush and eliminate, through the strength of unity, those destructive and disruptive elements that are disturbing the community peace and rule of law which are the basis for national progress. The SLORC has been endeavoring to fulfill the national people's food, clothing, and shelter needs — indispensable basic human rights. Out of these basic human rights, the peasantry are to actively fulfill their role of seeing that the agricultural sector meets the national people's food and clothing needs. The agricultural sector constitutes a basic economic factor of the Union of Myanmar and the growth in this particular sector will contribute much toward progress in other economic sectors. Therefore, the peasantry are urged to lend their active cooperation in boosting agricultural production — required by the state projects — as a national duty and by realizing their important role in the state's efforts for economic development.

Brunei, Malaysia & Singapore

Malaysia

Malaysia: Official Hands Over Food Aid to DPRK Envoy

BK0103102196 Kuala Lumpur THE STAR in English
1 Mar 96

[BERNAMA report — received via Internet]

[FBIS Transcribed Text] Kuala Lumpur — Malaysia yesterday donated U.S.\$75,000 (RM [Malaysian ringgit] 195,000) in food relief aid for the children of North Korea which is suffering severe food shortages following widespread flooding last year.

Foreign Ministry deputy secretary-general Datuk Abdul Halim Ali handed over the money to North Korean ambassador Kim Chin-ok at Wisma Putra [Ministry of Foreign Affairs].

Abdul Halim said Malaysia decided to help North Korea following an appeal by the United Nations Children's Fund (UNICEF) for food relief and humanitarian aid for that country.

"The amount is not much but it is our expression of sympathy towards the flood victims especially the children," Halim said.

Malaysia had also made a similar token donation of U.S.\$25,000 (RM65,000) to North Korea in November last year, he added.

Malaysia: Daily Reminds EU of Economic Potential of East Asia

BK0103105396 Kuala Lumpur UTUSAN MALAYSIA
in Malay 29 Feb 96 p 6

[Editorial: "ASEM Provides an Opportunity"]

[FBIS Translated Text] It would be a sheer waste if the EU does not take full advantage of the upcoming Asia-Europe Meeting [ASEM] to be held in Bangkok beginning this Friday and Saturday. The EU will be left behind if it comes to the summit with an outdated way of thinking or refusing to face the reality.

The real situation in East Asia is that the region has been enjoying the most rapid economic growth in the world over the last few years and the growth will probably last several years into the next decade.

It is also a fact that East Asia's economic growth is possibly due to huge investments by Japan, followed later by South Korea, Taiwan, and Hong Kong, in this region.

This being so, the EU should take advantage of the upcoming ASEM and use it as a means of enabling it

to seize the abundant opportunities arising from East Asia's most rapid economic growth. For example, East Asia has been a major force in turning aviation into a vibrant industry in recent years.

Aircraft manufacturers and airline companies from developed nations, including the EU, hope that the East Asian market will assist them in improving their declining economic situation and providing more jobs to their citizens.

The leaders of ASEAN, Japan, South Korea, and China, who will be attending the summit, have placed their economic interests uppermost on their respective agendas. If the 15 leaders from the EU want to continue politicizing the summit with issues that are regarded as unbeneficial to the international community in general, then they should realize that East Asia will not wait for them.

More opportunities abound for those who wish to make the most of trading activities in conjunction with the rapid development that is taking place in this region, notably, with China leading the pack with a 10-percent economic growth and with Malaysia trailing behind with an 8-percent economic growth. Currently, with Japan monopolizing most of the investments in East Asian countries, the EU has been left far behind as a major investor in the region.

The reason for this is that the leaders of the EU are still unaware of the fact that the axis of global economic development has shifted to East Asia and will remain there from the beginning of the 21st century.

The East Asian people have become more confident, given the region's rapid economic progress. Consequently, they do not want to be under anyone's control anymore. They have their own character and want to determine their own destiny. The EU leaders should also be aware of this.

It would be wrong for a developed country to blame developing countries for its own economic weakness, because that means that the former is only trying to obliterate the fact that its own economy is actually declining.

We sincerely hope that the EU leaders will take advantage of the ASEM to utilize the potential in this region for their own benefit and that of Asia.

Malaysia's Mahathir: ASEM More Successful Than APEC

BK0303132796 Kuala Lumpur SUNDAY STAR in English 3 Mar 96

[Unattributed report — received via Internet]

[FBIS Transcribed Text] The Asia-Europe Meeting (ASEM) has been more successful than the Asia-Pacific Economic Co-operation (APEC) forum for the Asian participants, Datuk Sri Dr. Mahathir Mohamed said yesterday.

The Prime Minister said he felt ASEM was more successful in terms of achievements as it focused on matters which were positive instead of controversial and confrontational.

"APEC is more focused on opening of markets so that those with goods can sell them. Whether that is good or bad for some states does not get any space or consideration.

"ASEM focuses on development in Asia so that Asian countries can advance and be on par with the European states," he added.

Dr. Mahathir said Philippines President Fidel Ramos had mentioned linking ASEM and APEC but there appeared to be not much interest from Europe, and no other Asian leader mentioned the matter at all.

He said European leaders acknowledged that Asia should not be expected to follow European standards immediately as Europe had taken a long time to be where they are.

Mahathir said he did not see too much of a reflection of superiority over Asia among the European leaders at the two-day summit.

"The leaders admitted their perception of Asia was wrong and in fact Asia was doing far better than they thought. Some of them have never even been to Asia before this," he added.

Dr. Mahathir said he was a bit cynical when he came to the ASEM summit but said he was pleased that Europe had avoided thorny issues that would have caused confrontations and had instead stressed on development.

He said Malaysia had proposed that European universities co-operate with Asian universities through twinning programmes or set up their branch campuses in Asia to open the door for Asian and Europeans students to study here.

"This way, European students will learn Asian values and systems better and when they become leaders, they

will be able to understand perspectives better and avoid misunderstandings.

"At the moment, a large number of Asian students go to European universities and the number which come here are fewer.

"We also raised the point that foreign direct investment in Asia should not be linked to conditions as there are some (European countries) which have said they will not invest here unless they are able to hold 100 per cent equity," he added.

Malaysia: French Foreign Minister Arrives for Visit

BK0403075296 Kuala Lumpur THE STAR in English 4 Mar 96

[Bernama report — received via Internet]

[FBIS Transcribed Text] Kuala Lumpur — French Foreign Minister Herve de Charette arrived here yesterday for a three-day visit. He was met on arrival at the Subang airport by Deputy Foreign Minister Datuk Dr. Leo Michael Toyad and his wife. De Charette is accompanied by his wife, Michele, and a delegation which includes representatives of three leading French companies — Alcatel, Lyonnaise des Eaux, and Alstom.

He is expected to call on Prime Minister Datuk Sri Dr. Mahathir Mohamed, Deputy Prime Minister Datuk Sri Anwar Ibrahim, and several Cabinet members including Foreign Minister Datuk Abdullah Ahmad Badawi and International Trade and Industry Minister Datuk Sri Rafidah Aziz. He will make a brief visit to Penang on Tuesday before returning home.

Malaysia: French Minister Discusses Railroad, Ends Visit

BK0503094496 Kuala Lumpur Voice of Malaysia in English 0800 GMT 5 Mar 96

[FBIS Transcribed Text] France is offering its expertise to help Malaysia coordinate a historic Singapore-Europe electric railroad project. French Foreign Minister Herve de Charette said France is prepared to study the technical aspects of the project to help the country make a decision. He was speaking at a news conference in Kuala Lumpur at the end of a three-day official visit.

De Charette said his country will be able to give the best technology in railroad and will cooperate with Malaysia and countries involved. Malaysia was appointed at the just concluded Asia-Europe Meeting in Bangkok to coordinate the project that will link Singapore and Beijing, and eventually with the Trans European rail track. Malaysian International Trade and

Industry Ministry is preparing a working paper for submission to the cabinet this month.

Meanwhile, France has requested Malaysia play a leading role in helping the former forge a new relationship with Asian countries. Finance Minister Secretary General Tan Sri Clifford Herbert said the request was made by French Foreign Minister Herve de Charette during his meeting with Deputy Prime Minister Datuk Sri Anwar Ibrahim in Kuala Lumpur. They held a general discussion on how the relationship could be improved. Datuk Sri Anwar is also finance minister.

Tan Sri Herbert said among the areas of cooperation with Asian countries, especially Malaysia, that France is keen on are politics, economy, culture, and education. French companies in Malaysia are also willing to play a bigger role in the country's efforts to forge this new relationship. The ministers also discussed the possibility of Malaysian and French companies forming joint ventures investing in third countries.

Malaysia: Dailies View Election Defeat of Australia's Keating

BR0403151496

[FBIS Report] Two Malay-language dailies, BERITA HARIAN and UTUSAN MALAYSIA carry 700-word editorials on 4 March on pages 10 and 6 respectively in connection with Australia's recently concluded general election where Paul Keating's Labor Party suffered a stinging defeat at the hands of the Liberal and National Parties.

In its editorial on page 10 entitled "Australia Undoing a Fascinating Reform," Kuala Lumpur BERITA HARIAN says "the defeat of the Labor Party and its leader, Paul Keating, in the general election resulted in the handing over of power to the Liberal Party and National Party. Keating's stinging defeat signifies his continuous failures as a result of his own actions. He will probably withdraw completely from the political arena and through such a decision, the party will expedite its endeavor to seek his replacement in an effort to enable the party to contest in upcoming general elections." The daily adds that "Keating's withdrawal could be predicted because of the stinging defeat he suffered indicated that most of his policies were unacceptable."

BERITA HARIAN also notes that "Australia made no significant progress since Keating took office in 1991." The daily also says that "Keating's failure to retain power is not the major factor for trying to turn Australia into a republic, but is due to the Australians' refusal to compromise on certain issues, including economic issues."

Continuing, BERITA HARIAN notes that the Liberal Party and the National Party have captured at least 40 seats, superseding the prediction that the two parties would capture 20 seats. It goes on to say that once a ruling government fails to gain the people's confidence, it will then be judged by the people through general elections. The daily says that Keating faced criticisms, not only from the international community, but also from his own parliament. Apart from this, the daily also underlines the Keating-Mahathir dispute during which Keating was severely criticized by Australian businessmen.

BERITA HARIAN concludes by expressing Malaysia's hope that no matter who rules the country, it is of utmost importance for the ruling government to place high priority on regional relations. Not all Australians consider themselves Westerners because they realize that they belong to the Asia-Pacific region and John Howard acknowledges such a concept.

Kuala Lumpur UTUSAN MALAYSIA carries a 700-word editorial on page 6 entitled "Keating's Defeat Not Surprising." The daily notes that most of the Australian community had expected his downfall, but not his stinging defeat. UTUSAN MALAYSIA says that with such a resounding victory in the general election, John Howard, the Liberal Party leader can once again redeem his party's integrity after being in the opposition for the past 13 years. As of press time, the Liberal Party and the National Party managed to capture 90 seats enabling the two parties to wrest power from the defeated Labor Party.

UTUSAN MALAYSIA notes that "the prevailing wind of change has brought a full swing change that caught the community by complete surprise." It also says that "numerous leaders considered the Labor Party's downfall was due mostly to its long overdue administration" while some Australian political observers believe that the "Keating factor" was the cause of the party's serious defeat.

In conclusion, UTUSAN MALAYSIA notes Dr. Mahathir's remarks in Bangkok stating that he was not interested in who would be the next Australian prime minister, but was more concerned about maintaining strong bilateral relations.

Malaysia: UMNO Prepares for Party Elections

96SED038A Kuala Lumpur UTUSAN MALAYSIA in Malay 27 Jan 96 p 3

[FBIS Translated Text] Johor Bahru, 26 Jan—This year's UMNO [United Malays National Organization] General Assembly will be held from 1 to 5 October, a

month earlier than usual, to shorten the campaign period for the party's highest offices.

UMNO Secretary-General Datuk Mohamed Rahmat said that the Supreme Council made this decision in its recent meeting.

He announced that the dates of the conferences of branches and UMNO division delegates will also be brought forward.

He said that branch conferences will be held between 1 and 30 June and that division delegate conferences will begin between 14 and 31 July.

Mohamed said this today at a news conference after chairing a meeting of the Pulau UMNO Division at the RTM [Malaysian Radio and Television] complex here.

He said he felt that the UMNO election campaign does not need to be extensive, since party members already know who will be nominated and need only to consider whether or not they will support them.

"Just look: Although there have been no nominations, big campaigns have begun. I think we should be patient. Wait for the divisions to meet and nominate the people they deem suitable."

He also said that people who are members as of 31 March will be eligible to take part in the general assembly.

"Dues need to be submitted to headquarters before 14 April. I hope that all branches will collect dues now and send them to the divisions before 7 April and that divisions will send them to headquarters before 14 April," he said.

Mohamed also announced the decision of the Supreme Council to conduct a large-scale inspection of registrations and review of members beginning 2 February under the leadership of Vice President Datuk Seri Najib Tun Razak.

He said inspection lists will be given to all UMNO division secretaries at the Putra World Trade Center (PWTC) on 2 February for display at each division.

"We hope the inspection and examination activity will be completed on or before 27 March," he said.

Mohamed said that since this year is the 50th anniversary of UMNO, the Supreme Council hopes that all UMNO state organizations, divisions, and branches will sponsor celebrations at their respective levels.

"This celebration will be important for remembering the history of UMNO's struggle, looking back at the victories achieved by the party while looking at the new agenda that UMNO will fight for in the future," he said.

Singapore

Singapore Daily Discusses Importance of ASEM, Issues

BK0103131496 Singapore THE STRAITS TIMES
in English 1 Mar 96 p 54

[Editorial: "Old Shop Back In Business"]

[FBIS Transcribed Text] Ascribing symbolism to an event like the Asia-Europe summit, now on in Bangkok, can detract from its usefulness. This is the age of pragmatism in international diplomacy where a clear purpose is valued over platitudinal dross. Still, the backdrop to the meeting has relevance to people's perceptions of whether a tentative new liaison will grow. On the European Union (EU) side of 15 nations are six which had known Asia in a different age as colonisers and mercantilists. Among the 10 Asian participating countries, seven had been under various shades of European administration. What has propelled two contrasting worlds towards this remarkable inter-continental congress after decades of neglect and residual antagonism is not that different from the motivation of old: markets, merchandise, raw materials. But where exploitation marked the old relationship, mutual dependence is now being touted as the future wave to secure each continent's well-being. Another essential difference is that this time, it is the far richer Europe that is responding to the economic stimulus of Asian countries that, bar Japan, are still growing. From that process, the EU community of 350 million people can expect — this is what their business and political leaders have tried to convince them, with mixed results — a break in the depressing cycle of low investment, questionable consumption and joblessness. That has been the Europeans' lot for close to a decade now. In no other form is Asia's influence, some four decades after the substantive end of European decolonisation more telling than that the Bangkok summit has come about at the initiative of an Asian leader, Mr. Goh Chok Tong.

So much for symbolism. If the meeting is regarded as an opportunity for Asia and Europe to establish an open partnership, that is saying enough. There being no formal agenda, it is anybody's guess what directions the conference would set for the future. (Britain will be the next host in 1998.) French President Jacques Chirac, one of a handful of European heads with a global dimension, was cautious when he said on his Singapore visit he hoped the session would dispel the "misunderstandings and doubts" of the past. Seeking common ground to build what he called the "indispensable Euro-Asia partnership" was more important. Asian views have been similarly hedged. Indeed, not raising hopes too high is advisable. But, as with the annual meetings of the Asia-Pacific Economic Cooperation forum,

the Bangkok meeting would fail its proponents if it contented itself with statements of intent. Lest it is forgotten, this is the "missing" third link in the North America-Asia-Europe economic axis.

The EU's strategy paper for the meeting was clear on the point of not allowing labour and environmental squabbles to jeopardise the two goals of open trade and starting a political dialogue between the continents. Perhaps, it is an estimation of Asia's assertiveness that European Commission president Jacques Santer has made headmasterly noises to his charges that nothing "confrontational" ought be raised. Still, Portugal can be expected to say something about East Timor. The Nordic states were agitated over Chinese orphans but the prime ministers of Sweden and Denmark are not attending. At an appropriate time in the future, more weighty "human rights" issues than these — aimed at both Europe and Asia — would and should be aired. For this session, it is just as well that the EU heavyweights (Germany, France, Britain and Italy) are one with Asia that trade and investment matter the most. After Bangkok, follow-up will be essential. There are positions to be struck for the World Trade Organisation meeting in December. The EU wants an officials' committee to look into Asian telecommunications and public works bidding. Asian exporters want the Europeans to buy more Asian goods and to examine their anti-dumping rules, regarded as disguised protection. The list is long — and Bangkok is just the opening round.

Singapore: France's Chirac Speaks on Europe-Asia Ties

BR0403090296 (Internet) French Ministry of Foreign Affairs WWW in French 29 Feb 96

[Speech by French President Jacques Chirac in Singapore on 29 February]

[FBIS Translated Excerpt] Mr. Prime Minister, Excellencies, Ladies and Gentlemen, [passage omitted on Chirac's previous trips to Asia, on trade figures and economic facts].

France is not yet sufficiently present in Asia. Our share of the market, which amounts to six percent of the world's share, is only two percent in Asia. It is clear that French companies are not adequately represented in this region of the world, whose potential for economic development is considerable.

My goal is simple: We must triple our share of the market in Asia in 10 years. This is very ambitious but, I repeat, our future is also at stake in Asia. The presence in Singapore of 400 French companies and

banks, compared to 100 only 10 years ago, shows that this goal is perfectly realistic.

The development of our trade relations must be in parallel with the intensification of our direct investments, those of France in Asia and of Asia in France. It is not commonly known that France is the third largest recipient of investments in the world and that it is also the second or third international investor, depending on the year.

France must become a full economic and financial partner of Asia. It has all the resources needed to achieve this: A highly skilled labor force; first-rate scientific research; technological mastery second to none; in sum, a competitive and healthy economy which is based on stable prices and a solid currency. From 1992 to 1995, French prices grew more slowly than those of Germany, in particular due to sound control over production costs.

The modernization of our economy is also perfectly illustrated in the development of our financial markets. France's long-term international forward market, the MATIF [Financial Futures Market], is Europe's second largest by-product market. The French bond market is one of the largest, most transparent, efficient, and fluid in the world. That is why foreign investors hold over 20 percent of France's public debt. I know that Singapore's major financial institutions are particularly active subscribers.

Of course, France has its weaknesses, beginning with the high level of unemployment and with public deficits which remain excessive. But the French Government has given itself the means to balance the budget and to restore equilibrium to the public accounts.

In 1995, we lowered our public deficits by one point of GDP, bringing them down to five percent. Everything will be done to rigorously respect our four-percent goal in 1996. As the experience of recent months demonstrates, this is how we create the conditions for a durable and sustained decline in interest rates. And the fact that we are the least indebted country of the G-7 does not mean that we can dispense with balancing our finances.

From this standpoint, France has decided to implement a set of structural reforms which will enable us to make our companies more competitive, our public services more efficient, our social protection more effective, and our labor market better adapted to companies' needs in a global economy which is increasingly competitive.

It is my responsibility — and the French Government is fully devoted to this — to complete the reforms necessary for France's modernization. This is how my

country will be able to contribute its full weight to the European construction.

In fact, all of Europe must increase its effort to be present in Asia. Your trade with the EU is already comparable to that which you have with the United States.

By the end of this century, the EU must assert itself as Asia's other major partner. Before the year 2000, Europe, led by the Franco-German partnership, has the ambition to achieve decisive progress.

It will do this first of all by achieving a single currency. Its implementation will contribute to balancing the global monetary system by making the European currency the world's other major currency.

Europe will also strengthen its institutions, which must be more efficient and prepare the Union's enlargement to the new democracies of central and Eastern Europe. In a generation, Europe thus reconciled and united will undoubtedly have almost 30 member countries. It will be one of the world's most stable and dynamic centers.

Europe will also contribute to the advent of a new equilibrium which will characterize the 21st century. Far from the bipolar world which we have known since World War II, with its ideological conflicts and its risks of confrontation, this multipolar world will offer to everyone the possibility to freely establish new ties and a new form of solidarity. This will strengthen the chances for peace.

A month ago, before the U.S. Congress, I described my vision of the Transatlantic world, with an Alliance rebalanced around two pillars, North America and Europe. Today, I want to present you my enlarged vision.

Why should we not see Asia emerge among the centers of tomorrow? An Asia buttressed by the vitality of its cultures and its civilizations, and which is economically triumphant. An Asia which aspires, legitimately, to play a commensurate political role. This Asia is progressing toward its new equilibrium. At the side of Japan, which will occupy a seat as permanent member of the UN Security Council, China, whose status as a political power is recognized, is rapidly asserting itself as one of the world's primary economies. India naturally has the same political and economic ambitions.

One of the main risks for this region's equilibrium lies in the divisions of Southeast Asia. The continent was fortunate to have, some 30 years ago, leaders like President Suharto, whose boldness and vision enabled the creation of ASEAN. Your association, created in the context of the East-West confrontation, has been

able to very quickly draw the consequences of the disappearance of this ideological face-off.

France considers it an honor to have been able to contribute, with the establishment of peace in Cambodia, to closing the schism which had separated Southeast Asia into two hostile sides during 50 years of war.

Beyond peace in Cambodia, I consider the creation of an ASEAN of 10 member states to be desirable, one which joins together the economic and political strength of its members and is capable of asserting itself in the area of security.

In particular, I welcome the accession of Vietnam. In finding again its rightful place in this regional assembly, it will be able to devote to its development the exceptional talent of its men and the remarkable dynamism of its people.

ASEAN, in the richness of its cultures, the diversity of its peoples, and even its geography of capes and archipelagoes, is somewhat the Europe of Asia.

Like the EU, ASEAN is today engaged in a dynamic process of drawing together. By succeeding, this will guarantee the prosperity and security of each of its members. At the side of China, Japan, and India, the completed ASEAN will thus constitute the fourth pillar of Asian equilibrium, making a decisive contribution to the continent's stability and to peace in the world.

I would like for the EU and ASEAN to develop their dialogue much further, and to enrich each other with their experience in drawing together economically, but also politically.

Looking beyond these Asian perspectives, we must work together on the equilibrium of the entire international system, by structuring relations between our two continents, which today seem to be the weak side of the great America-Europe-Asia triangle on which the world's destiny largely depends. I know, Mr. Prime Minister, that this vision parallels your own.

This, ladies and gentlemen, is the significance of the first summit between Asia and Europe, which will open tomorrow in Bangkok. Let us together make it the starting point for a new relationship, one which is strong and fruitful.

First, the cultural and scientific aspect. Let us increase exchanges of students and researchers; let us strengthen cooperation between our universities and laboratories. Why not create a veritable stock exchange of training and technologies between Europe and Asia? Why not join our forecasting centers into a network? Then, the economic field. Let us measure fully our common interests and our complementarities.

Without hiding our inevitable divergences in interests, let us stress that we represent the most promising markets for each other. Let us have the courage to progressively eliminate the barriers to our trade, in the framework of an open regionalism which guarantees our prosperity. Let us prepare together the first ministerial conference of the World Trade Organization, next December, here in Singapore itself, bearing constantly in mind that trade is the engine of growth in the world.

Let us develop in both directions the investments which create wealth and jobs, by harmonizing the legal, regulatory, and fiscal frameworks which will promote the dynamism of our companies. Let us encourage our firms to multiply their alliances, in order to be stronger together in our markets and throughout the world.

Let us study our synergies, by combining our capital and sharing our technologies. France stands prepared to do so. It is, without doubt, the country the most open to transfers of knowledge, as demonstrated by the High Speed Train in Korea, the automobile factories which our groups have created in China and in Malaysia, and the nuclear power plants which we are building near Canton.

I would like to see the creation of a Euro-Asian forum of businessmen, enabling necessary contacts in an informal setting.

But the relationship between our two continents cannot be limited to strengthening economic cooperation. We must also tackle together the major problems of our time.

France this year holds the presidency of the G-7, whose summit will take place in June in Lyons. I would like to see us engage in Bangkok in a dialogue with Asia's leaders on the subjects which enable us to better take into consideration their concerns. I have in mind in particular the protection of our environment, or the fight against the major scourges of organized crime, drugs, and AIDS.

But I also have in mind developmental assistance. I acknowledge my respect for Japan, which in a few years has become the world's leading donor, and to Korea, which has recently become a contributor nation. Has not the time come to enlarge this circle, as your countries attain prosperity? Our common interest is to see the entire world reach a level of development which will benefit all of us.

In Bangkok, we must finally speak of the challenges we must meet together to contribute to the world's stability and security.

The end of the Cold War has put Europe and Asia face to face with their responsibilities. No iron curtain, no "domino theory" justifies any longer delegating our defense responsibilities.

East Asia no longer constitutes an alliance of the other side of the "free world" against the Soviet Union. Europe is no longer paralyzed and divided by the implacable logic of bloc against bloc.

This new strategic margin for maneuver must encourage us to greatly develop our dialogue on security. Let us exchange our analyses and our forecasts. Let us work, together, on the creation of a safer and more stable world.

As a permanent member of the Security Council, France will join all multilateral initiatives in this direction, as it did yesterday with Cambodia, as it is doing today with KEDO in North Korea. In this spirit, my country wants to be able to fully participate in ASEAN's Regional Security Forum.

As a nuclear power, which has completed its final series of tests which guarantee the reliability and safety of its deterrence force, France is prepared to sign, as of this year, the comprehensive test ban treaty on the basis of the "zero option" which it was the first to propose. Before the end of the month of March, it will sign the protocols of the Treaty of Rarotonga creating a denuclearized zone in the South Pacific. It will adopt a principled constructive attitude toward the treaty for the denuclearization of Southeast Asia which has just been signed in Bangkok.

Together, Europe and Asia can thus contribute to promoting new progress toward security and disarmament in the world.

Mr. Prime Minister, Excellencies, Lade founding act of our partnership, a source of hope for the prosperity of our peoples and the future of the world! Europe needs Asia. Asia needs Europe. Let us together make this great encounter a success! Thank you.

Singapore: French President on 'Triple' Trade With Asia

BR0103133996 Paris LE MONDE in French
1 Mar 96 p 2

[Report by Thierry Brehier: "Jacques Chirac Looks To Triple French Trade With Asia"]

[FBIS Translated Text] Singapore — A lover of Asia, Jacques Chirac could not have made his first presidential trip to the region simply as a participant with the other heads of state and government of the EU to the Bangkok summit. He was also obliged to take advantage of this

trip to present his own "vision" of the relationship between Europe and Asia, as he had done when he presented his "vision of the transatlantic world" to the U.S. Congress. This explains his short visit to Singapore on Wednesday 28 and Thursday 29 February.

It was natural for Mr. Chirac to choose the city-state for his first official trip to Asia. In addition to the fact that it was the Singapore Prime Minister Goh Chok Tong who launched this summit between the 10 countries of Asia, including the Association of Southeast Asian Nations [ASEAN], and the Fifteen of the EU, the French head of state has moreover adopted for himself the "Singapore model." In his "message to Asia" which he gave on Thursday to the Southeast Asia Research Institute he paid great homage to the man who was and is the father of the "Singapore model": Lee Kuan Yew, former premier and still minister of state. He described as a "friend" "one of the greatest statesmen of our time," and called him "a voluntary and creative visionary, a wise man whose lucid analyses and foresight continue to inspire the decisionmakers of the whole world." Convinced that it is in Asia that the vision of France and Europe is the most distant from reality, Jacques Chirac was keen to stress the great expanse of the French and European economies.

This is why he wanted these two worlds to "rediscover" each other after "half a century of relative indifference" which explains, to his mind, "much ignorance, prejudice, and distortion of images on both sides." He expressed the wish that "our cultures can learn to understand each other" to face up "together" to the "serious risks of uniformity."

"Great Scourges"

The president of the Republic reminded his audience that "Europe imports twice as much as North America" and that its trade with Asia, and France's trade with Asia, are "well-balanced overall." Mr. Chirac also told all Asians who are generally convinced of the contrary, that despite a reputation that "is sticking," France "hasn't got cold feet nor is it protectionist." He pointed out: "Perhaps this was the case in the past, but it is certainly not the case today." Stressing the strength of the national economy, he regretted the fact that France's share of the Asian market was only 2 percent whereas it averages 6 percent worldwide. He therefore set a target of tripling trade in 10 years because "our future is also at stake in Asia."

After reiterating that, in France's opinion, "Japan has a vocation to have a permanent seat on the UN Security Council," and having stressed the might of China and India, Mr. Chirac said he was pleased that ASEAN had resolved its internal "divisions." He said he wanted to

see "the construction of an ASEAN with 10 member states (with the entry of Laos and Cambodia, in principle in 1997, and Burma perhaps before the year 2000 — LE MONDE editor's note) combining their economic and political strengths and capable of playing a significant role in the field of security," forming the "fourth pillar of Asian equilibrium."

Beyond that, the president of the Republic asked for a better structuring of "relations between our two continents which today look like the weak side of the great America-Europe-Asia triangle on which world peace largely depends." He also announced that he would make contact in Bangkok with the Asian leaders to prepare for the G-7 summit which is to meet in Lyons in June. He wants to take into account their "concerns" regarding the protection of the environment and "the battle against the great scourges that are organized crime, drugs and AIDS," and not forgetting "development aid."

Where defense issues are concerned, Mr. Chirac repeated that France "would like to be able to participate fully in the ASEAN regional security forum." Stressing his position on the nuclear issue, he finally declared that France "will adopt a constructive attitude with regard to the denuclearization treaty in Southeast Asia."

The meeting Mr. Chirac had on Wednesday [28 February] with Mr. Goh Chok Tong as well as the exchange of toasts at the official dinner merely repeated in various formulas the same themes of this "message to Asia" which he again broached on Thursday [29 February] during a lunch with Lee Kuan Yew with which he ended his visit.

Contracts

By going to Singapore, the president of the Republic was also seeking to establish himself as the defender of French industrial interests. The official delegation included the heads of leading industrial groups and the bosses of small- and medium-sized companies. He therefore visited the French Business Center, a body created by the Assembly of French chambers of trade and industry to provide its services and to receive French companies which are otherwise unable to access the resources they need in Singapore.

Major deals were not at all taboo and the president of the Republic must have been pleased to hear the prime minister of Singapore assure him that French technology could be used to help modernize the railway link between Singapore and Bangkok via Kuala Lumpur.

Similarly, Mr. Chirac — a lover of Asian art and who had arranged his schedule so that he could have long

periods free for private visits on his Asian tour, and at a time when Singapore has just decided to establish some major museums — was bound to stress French "know-how" in this area. After all, when passion and work come together, why hide one's pleasure!

Singapore: France's Chirac Meets With Officials, Ends Visit

BK0103132396 Singapore THE STRAITS TIMES in English 1 Mar 96 p 36

[Report by Jayandra Menon]

[FBIS Transcribed Text] Europe and Asia, now left on their own following the end of the Cold War, should develop their dialogue on security substantially to ensure stability in the world, French President Jacques Chirac said yesterday.

"There is no longer any iron curtain, or domino theory to justify our leaving our defence responsibilities to others.

"Eastern Asia is no longer part of a Free World alliance at the rear of the Soviet Union.

"Europe is no longer paralysed and divided by bloc-tobloc logic," he said.

The collapse of the Soviet Union had engendered "a new strategic freedom of movement", and this should encourage Asia and Europe to develop their security dialogue.

"Let us exchange our analyses and forecasts and work together for a safer and more stable world," he said.

France, as a permanent member of the UN Security Council and a nuclear power, would associate itself with all multilateral initiatives in this direction, said Mr. Chirac.

He called again for France to be included in the ASEAN Regional Forum.

Mr. Chirac was speaking on "France and the New Euro-Asian Partnership" at the Westin Convention Centre in Singapore yesterday.

The speech came on the eve of the Asia-Europe Meeting, the first summit of Asian and European leaders which is due to open in Bangkok today.

Mr. Chirac, who said France had great ambitions for the meeting, outlined three areas for increased co-operation between Asia and Europe. They were:

— **TRADE:** He said both sides should remove progressively all obstacles to trade in the framework of open regionalism. For example the legal, administrative and tax frameworks could be harmonised and alliances between business corporations encouraged.

— **BUSINESS CONTACTS:** He suggested setting up a forum of Euro-Asian businessmen for closer contacts to take place in an informal atmosphere; and

— **EXCHANGES:** He called for more exchanges of students and scientists between universities and research establishments.

He also said the relationship between Asia and Europe could not be confined merely to strengthening economic co-operation.

He said he hoped the leaders in Bangkok would discuss protecting the environment, and combating organised crime, drugs and Aids.

On the question of nuclear testing, he reiterated that France would sign a comprehensive test ban treaty this year based on the "zero option", which outlaws all blasts, however small.

He also reaffirmed that France would adopt a "constructive" attitude towards a nuclear-weapons-free zone in South-east Asia, endorsed by the ASEAN countries.

After the lecture, which was organised by the Institute of South-east Asian Studies, the French President paid a courtesy call on his Singapore counterpart, President Ong Teng Cheong.

He also had a lunch meeting with Senior Minister Lee Kuan Yew.

Mr. Chirac later left for Bangkok after a two-day official visit to Singapore, the first by a French head of state to the Republic since both countries established diplomatic ties in 1968.

Singapore: ROK President Proposes '21st Century Committee'

BK0103050596 Singapore BUSINESS TIMES in English 29 Feb 96

[Report by Walton Morais — received via Internet]

[FBIS Transcribed Text] President Kim Yong-sam and Prime Minister Goh Chok Tong yesterday reached agreement on a wide range of economic issues that aim to propel South Korea-Singapore ties into the next century.

During a meeting on the second day of President Kim's state visit to Singapore, the two leaders agreed to boost industrial cooperation, give government backing to joint-ventures in third countries and participate actively in the Mekong region.

A spokesman for the Korean delegation said that during the meeting, President Kim proposed the formation of

what he called a South Korea-ASEAN "21st Century Committee".

To be made up of academics, economists and journalists and given a mandate to function until 1999, the committee will formulate a vision for future cooperation between South Korea and members of the Association of South-east Asian Nations.

The spokesman said PM Goh welcomed the idea and expressed his willingness to participate in it.

On industrial cooperation, the spokesman said the two leaders agreed to promote cooperation in construction, communications and the electronic and information sectors. Pledging full government backing for joint ventures in third countries, they suggested a framework which uses South Korea's manufacturing and engineering skills and Singapore's information and marketing prowess.

During the meeting at the Shangri-La Hotel, where President Kim is staying, the two leaders committed to continue cooperation in APEC [Asia-Pacific Economic Cooperation], the United Nations, the World Trade Organisation and the first Asia-Europe Meeting (ASEM) which opens in Bangkok tomorrow.

PM Goh also promised to support a South Korean bid to host the third ASEM conference in Seoul in the year 2000.

President Kim also met Senior Minister Lee Kuan Yew yesterday and attended a reception for the Korean community at which he announced the two countries had agreed to actively participate in the development of the Mekong region.

Kuala Lumpur was given the mandate by ASEAN leaders last year to draw up a conceptual approach on how ASEAN members could co-operate in developing the six-country Mekong economic hexagon.

Singapore: Dutch Prime Minister Explains Asia Policy

BK0403144496 Singapore THE STRAITS TIMES
in English 4 Mar 96 p 26

[Report by Susan Sim]

[FBIS Transcribed Text] The Dutch Government gives Singapore priority in terms of its Asia policy because the Republic is a highly industrialised economy with market-friendly policies that are likely to ensure its continuing prosperity. Dutch Prime Minister Willem Kok said yesterday.

With one quarter of its Asian investments going to Singapore in 1993 the Netherlands is the third largest

foreign investor in the Republic after the United States and Japan.

Here on a one-day visit after the Asia-Europe summit in Bangkok, he spoke at the opening of the Singapore branch of the Dutch investment bank De Nationale Investeringsbank.

The bank's decision to open a unit here was "logical" given the special relationship between the countries, he said, tracing the warm ties between the two to 1961 when Dutch economist Hans Winsemius published his report on Singapore's industrialisation programme, thus laying the basis for the Republic's development.

Today, 275 Dutch companies are represented in Singapore, including multi-nationals like Shell and Phillips. But direct investments from Singapore in the Netherlands were modest, he noted.

To encourage investments his government would open a foreign investment agency in Singapore in May.

Speaking to reporters later, he called on Asian states to open their doors wider to foreign banks so that they could play a key role in the region's growth.

"I think the presence of Dutch banks in Asian countries could be better if Asian countries would be prepared to contribute to a kind of openness in their banking systems, allowing foreign banks to come in... When I was in Bangkok, I noticed how it is difficult for quite a number of foreign banks just to enter the market."

In his speech, he noted that current trade and investment flows between Asia and Europe did not reflect "their true economic potential".

"The underlying philosophy must be that we do not think in terms of an Asian or a European threat but of Asian and European challenges," he said.

He described the Bangkok gathering as a successful exercise in establishing a new partnership and paid tribute to Prime Minister Goh Chok Tong for not only mooted the idea a year and a half ago, but for his contributions at the meeting itself. Mr. Goh, he noted, had made many practical proposals that pushed the meeting along.

Yesterday, Mr. Kok also held meetings with Senior Minister Lee Kuan Yew and Finance Minister Richard Hu. He told reporters before his meetings that he hoped to discuss economic ties and tap Mr. Lee's views on developments in Asia: "He is a very experienced man with broad views on international developments. So I am here mainly to listen and to learn from the Senior Minister."

Cambodia

Cambodia: First Premier on U.S. Drug Classification

*BK0503070496 Hong Kong AFP in English
0653 GMT 5 Mar 96*

[FBIS Transcribed Text] Phnom Penh, March 5 (AFP) — The United States, which recently classified 31 countries including Cambodia as supporters of the drug trade, should be placed number one on that list, First Prime Minister Prince Norodom Ranariddh said Tuesday.

The prince, joining a number of other senior officials in calling Cambodia's new designation unfair, said the classification standards should be changed to reflect drug consumption.

"If there is no country that uses heroin or narcotics, then there will be no countries to produce them," the prince told reporters, adding that there should be categories for user countries, producer countries and trafficking countries.

"Among the countries that use drugs, the United States is first, so in the first classification, the United States should go first."

Cambodia, which produces little or no narcotics, was placed on the list in part because the US and other countries say it has become a major transit point from heroin, opium and amphetamines from the "Golden Triangle" of Laos, Burma and northern Thailand.

But the prince said Cambodia should not be considered a trafficking country either.

"We are a victim country," Prince Ranariddh said, adding that the government, with the help of the United States, France and the United Nations, was doing its best to eradicate the narcotics flow through Cambodia.

Though Cambodia was spared from "decertification" — meaning it will not lose any US aid because of the designation — several senior officials have protested their country's inclusion on the list.

Over the weekend, second Prime Minister Hun Sen said the demand for drugs from the United States and Europe was the main reason countries like Cambodia were punished for the narcotics trade.

"I don't believe that there would be any country producing or distributing drugs if Americans and the Europeans themselves did not use drugs," Hun Sen said.

"So they have to close the American and European markets which use drugs first. They can stop the growers and the distributors later."

Hun Sen and Prince Ranariddh have signed a letter protesting Cambodia's designation that has been sent to President Bill Clinton, the prince said.

[Hong Kong AFP in English at 0443 GMT on 5 March in a Phnom Penh- datelined report adds: "Cambodia's first Prime Minister on Tuesday renewed attacks against Vietnam over border disputes, but backed off on accusations that Thailand was also encroaching on Cambodian territory. 'I am not happy about this at all,' Prince Norodom Ranariddh told reporters when asked about the likelihood of a resolution to Cambodian complaints that Vietnam has moved into southeast Cambodia. 'I am not satisfied with the Vietnamese government's response to my goodwill gesture of asking for talks,' the prince said. He singled out Prime Minister Vo Van Kiet for not accepting an offer to discuss the matter over the weekend. He said Vietnamese officials had told him Vo Van Kiet could not meet because of the busy schedule of the Vietnamese national assembly. 'The fact was that he was not busy,' Prince Ranariddh said. 'He was in Bangkok on Saturday and I am not sure the national assembly of Vietnam is in session on Sunday. I don't think so.'"

[AFP continues: "In a related matter, the prince backed off comments he made Monday at a ministry of interior seminar in which he said Thailand was occupying two districts in the northern province of Preah Vihear. He said his comments should not have been reported because he made them at a closed-door meeting and that he was not accusing the Thais of anything because he had no proof of the encroachment. 'I said that I had gotten a report from the military that some parts of Cambodia are now occupied by Thailand,' the prince said. 'But before reacting we must have clear facts and evidence, which we do not have yet. I have asked the Ministry of Interior to give me the facts and evidence.'"]

Cambodia: Ranariddh Comments on Current Situation

*BK0503041596 Phnom Penh National Radio of Cambodia Network in Cambodian
1300 GMT 4 Mar 96*

[Speech by First Prime Minister Norodom Ranariddh at meeting to review the work of the Interior Ministry on 4 March — recorded]

[FBIS Translated Excerpt] [Passage omitted calling for measures to prevent various crimes]

Recently the United States and a number of persons who have set themselves up as the government opposition, whose house and office are not far from here, [words indistinct] this drug and corruption. These are the two

major issues that have been raised by those gentlemen, who claim to be superlative nationalists. Recently the United States has added our Kingdom of Cambodia to the list of countries involved in drugs. The samdech second prime minister and myself as well as the cabinet regard this as a big injustice to our Kingdom of Cambodia. One reason cited by His Excellency [H.E.] Clinton is this. He said Cambodia should be put on the list because it is surrounded by drug-producing countries. This is not Cambodia's fault. It is not our fault that we were born with these countries — Laos, Thailand, and Vietnam — around us. Vietnam, Laos, Thailand, and Burma have long been associated with drug activities. Cambodia should therefore be on the list simply because it is surrounded by these three countries. How come? Why was Cambodia not listed a long time ago since it has been surrounded by these countries for centuries? These countries have been on the list and so should Cambodia have been. My God!

He also cited another reason. He said we seized 60 kilos of drugs. This was used as evidence that drugs pass through Cambodia. We made efforts to seize the drugs and yet are still in the wrong. Perhaps it might be better not to seize them at all. He also said that our police and soldiers are corrupt and are involved in drugs. The evidence is comprised of the 60 kilos of drugs we seized and the police or soldiers we arrested. The evidence was used to say that the police and troops are involved in drugs and corruption. How come? We have tried and are still in the wrong.

I have read the FAR EASTERN ECONOMIC REVIEW magazine talking about Cambodia's involvement in drugs, in which Oknha [honorific title] Theng Bunma was also implicated. I said that if the United States and France have evidence, please let the Royal Government have it. Since then, nothing has been forthcoming, not even a one-page report.

On the contrary we have made resolute efforts against drugs. It was even said that the king has signed a decree relating to this drug issue. This was used as additional evidence to argue that we have a drug problem.

For this reason, we ought to mention this; just mention it and not yet [change of thought] also write to H.E. Clinton, to say that on this drug issue, if there is a list of countries involved, there should be three groups of countries: first, the countries that use drugs; countries that produce drugs; and countries through which drugs pass. In my view, it is all right to classify countries into these three categories. However, among countries that use drugs the United States should be first on the list because this is the reality. In the whole world no one uses drugs more than the United States. Therefore,

the United States should be at the top of the list in the first group. Without a U.S. market, drug production in a country such as Colombia and the region with three borders — the Golden Triangle — would exist but would be weak. Where is heroin most used? It is in the United States and Europe; this should be clear. In the second group are the countries producing drugs; and in the third, countries where drugs pass through. Our Cambodia could be in this last group.

However, the United States should recognize our efforts. Porter, the charge d'affaires, has also informed us that Cambodia is listed by the United States, but aid will not be cut and the MFN status will not be affected; in fact this will be announced on 1 March. I have not yet seen this or am aware that Clinton will list our country among those through which drugs pass. However, the Royal Government has made efforts to cooperate in the seizure and control of drugs.

Yesterday, Taiwan, also a U.S. ally, voiced strong opposition. Taiwan was also listed by the United States, so it protested. The United States listed Taiwan because 600 kilos of drugs were seized there. Taiwan said it seized the 600 kilos; the country was not listed before the seizure, only after the seizure.

I am not saying this so that all of you, excellencies, will stop your efforts to seize drugs. I have heard you say: Well, we are thinking about stopping these efforts. If you do so, the matter will get worse. Therefore, we should solve the problem; we have our authorities. This is a serious problem for our nation."

[Passage omitted dealing with AIDS, prostitution, gambling, and immigration]

A recent problem we ought to discuss now is the border issue. The status quo concerning the control and inspection of the current border should stay in place. Traditions along the border area should be observed. This is a legal factor. If the dispute becomes definite, the spirit of the joint statement dated 17 January 1995 by the Cambodian and Vietnamese Governments agreeing to maintain the status quo along the border should be adhered to in talks with the Vietnamese side.

On this issue, I would like to again and again remind all of you that the Royal Government is not the one who has raised this issue. This is an issue that has recently emerged. Using as a basis the 17 January 1995 joint statement by the two prime ministers, we demand that the Vietnamese side respect this joint statement, that there is no change to this. This is all we ask. As for the delimitation of the border, the bilateral commission will discuss this. In my view, what the Kingdom of Cambodia cannot accept is any violation and the use of

such a violation as the basis to push for talks. I think the Royal Government can in no way accept this. Only when the original aspect has been preserved, prior to January 1996 and after 17 January 1995, can we discuss the matter. Talks cannot be held under pressure.

The second prime minister and the entire cabinet recently welcomed and supported my proposal put forward to H.E. Minister Vo Van Kiet of Vietnam. I was the one who proposed it because I realize that the local authorities and relevant ministries cannot solve the matter. I think we have to use peaceful means and diplomacy to the maximum. The two prime ministers have to meet, talk, and find a compromise solution. The Royal Government Cabinet and the heads of the Royal Government have voiced their clear support. The Vietnamese side has replied to me that Vo Van Kiet has agreed to meet me in Laos. I suggested Laos; it is not as reported by a newspaper that Ranariddh, the samdech krompreah, [words indistinct]. I am not Vietnam's lackey. As one of those responsible for the nation, I say that a peaceful and political solution has to be found to solve the problem of avoiding clashes involving the use of forces. The Royal Government's goal remains clear, that is, to protect the long-term friendship between the Kingdom of Cambodia and countries around us. That is why I took a step forward toward solving this problem.

I would like to inform you all that under no circumstances will I go to Vietnam because Cambodia is not the one creating the problem; it is Vietnam. Even if we ask Vietnam to come, it will not come. Therefore, we have found another country: Laos. He also agreed to meet me on the 3d, yesterday. He would have come from Bangkok and I would have gone from here. However, he conveyed a message to me saying that his National Assembly is convening an urgent meeting starting from 1 March. But he also proposed that if I want to see him urgently, I can do so in Ho Chi Minh City or in any province close to the Cambodian border.

I ordered a message to be conveyed to the [Vietnamese] embassy in Cambodia. The message is as follows: You said you are busy on the 1st [of March] because of the National Assembly meeting. But you were in Bangkok; instead, attending a meeting there. On Sunday our National Assembly does not work; but perhaps the Vietnamese National Assembly is more assiduous than us.

So, he could not attend the meeting on the 3d, a Sunday. He said his meeting was from the 1st; but on the 1st, he went to Bangkok. And on the 3d, a Sunday, he said his National Assembly met. And if I have time I can go to Ho Chi Minh City. I also said that it is a longer distance from Hanoi to Ho Chi Minh City than from Hanoi to

Vientiane. I also informed H.E. Vo Van Kiet about his proposal for me to meet him in Vietnam but in no way will I go.

This is just for your information. We will continue to search for a solution in accordance with the joint statement dated 17 January 1995. So, difficulties have cropped up on this matter.

Now, as for the situation concerning our Cambodian territory where there has not yet been any development, territory which is largely forested, a few days ago, H.E. Ke Kimyan, chief of staff of the Khmer Royal Armed Forces (KRAF), reported to me in person about the situation in the western area. He also informed me that the Kingdom of Thailand has also encroached on some Cambodian territory. The areas that the former resistance forces used to control in Cambodia are now controlled by the Kingdom of Thailand. Furthermore, the latter has built roads [words indistinct] villages. This is another problem to which the Kingdom of Cambodia will certainly not remain indifferent; under no circumstances will the Royal Government remain indifferent.

When territory and territorial integrity are discussed, the territorial integrity of the entire territory has to be discussed. Therefore, we have asked the KRAF and the police along the border to clearly report on which areas of Cambodian territory has been taken over by Thailand. O Bok, Bak Ronoah, and so on, have been mentioned. Therefore, excellencies, coministers, please issue clear orders. There should be reports on this. I have raised this issue with H.E. Ke Kimyan and Nhoek Bunchhai who have provided this opinion:

The great and regrettable incident concerning territory is the result of the perception by neighboring countries of what we call national reconciliation, because this has not yet been achieved to a high degree. This is first of all a Cambodian problem. Samdech Chairman Chea Sim told me in person that the cooperation between our two parties is good but not yet flawless (pho phang). The samdech used the word flawless. In fact, this is so. It should be good and flawless. If it is not good and flawless, another three, two years before the election in 1998, the border violations will continue. We are still doing research on the law, border delimitation, and the map. Our position is not (?weaker) than that of neighboring countries. However, a weak point of Cambodia is that unity is good but not yet flawless.

Therefore, this seminar should discuss the issue of cooperation. Although officials at the Interior Ministry have to adhere to political neutrality, relations between the major parties, as pointed out by the samdech chairman, also have to be flawless. This is a problem

we, Cambodians, have to think over and over again after more than two decades of conflict. At the same time, if Cambodians do not yet share the same view, the Khmer Rouge problem will remain unresolved because it is in the interest of other countries to maintain this rebel group, even though this group does not have any forces. If we are growing stronger and showing our capability, we can resolve this Khmer Rouge problem.

I would like to inform the meeting that the Khmer Rouge has clearly said that it has a political party serving its interest among our midst, in Phnom Penh, in the Kingdom of Cambodia. If you do not believe it, please listen to the Khmer Rouge radio and statements by a party whose name I do not want to even mention because it is an illegal party. They are the same. In France, this party's leader is not supported by any Cambodians apart from the Khmer Rouge group. Furthermore, the party that is part of the alliance in the National Assembly as well as in the Royal Government should not be forgetful. If we do not push for national reconciliation and unity to a higher degree, the border problem, outside interference, and the stirring up of internal problems will continue.

On this issue, I suggest that the Interior Ministry educate our forces not to do anything that (?affects) the nation's supreme interest, that creates conflict, or that would create an abnormal situation, such as issuing documents that lease land to others or documents on taxes paid on leased land that allow others to set up temporary residence. Most important, we should do what is beneficial to our nation. The documents we have signed and which have been issued by our authorities could be used against us one day. If we do not officially react on time to these documents, they should be suspended, even if they are only temporary ones, because these could be [words indistinct].

[Passage omitted on need to have a master plan for urban development and environment and accurate survey to resolve people's land claims and call for a will to achieve national unity]

Cambodia: Military TV Confirms Defection of Major KR General

BK0403141996 Hong Kong AFP in English
1320 GMT 4 Mar 96

[FBIS Transcribed Text] Phnom Penh, Cambodia, March 4 (AFP) — The most senior Khmer Rouge [KR] commander ever to leave Pol Pot's rebel group has gone over to government forces, military television announced Monday.

Commander Heng Pong, a senior Khmer Rouge general, defected with 357 of his guerrilla fighters and around

850 of their family members beginning in mid-February in the central-west province of Kampong Speu, the broadcast said.

The announcement confirmed earlier reports from military sources in Kampong Kantuot in Kampong Speu, but gave a lower number of total defectors than the 2,457 the sources had provided.

Military officials said that children had not been counted in the official total, which could account for the discrepancy.

A brief interview conducted by the television station with Heng Pong that had been scheduled to be televised was not aired. A photograph of the former commander of the guerrilla's division 18 was displayed instead.

A tape of that interview, however, was made available to AFP.

"The Khmer Rouge leaders tell us to make war to liberate the nation, but in this we can find no answer, we only see the war as between Cambodians and Cambodians," Heng Pong said.

It was unclear from the tape, recorded in a jungle military camp near the village of Samrong about 100 kilometers (60 miles) west of Phnom Penh in Kampong Speu, whether Heng Pong was under any pressure to make his comments.

"If we continue the war our country will be destroyed and the war will never end that is why myself [word indistinct] relatives decided to join the royal government, said the 47-year-old commander who said he joined the Khmer Rouge in 1970.

"No one wants to fight anymore. Everyone wants to end the war and I promise that I will work with (those left) that I know to defect also."

The defection of Heng Pong, his troops and their families — the biggest single defection the Khmer Rouge has suffered since boycotting the 1993 UN-sponsored elections — had been a closely guarded secret.

Apparently not even the Khmer Rouge hierarchy was aware that something was amiss as one of Pol Pot's top aides, Noun Chea, made radio contact with Heng Pong on Sunday to ask him to bring reinforcements to a location in Pursat province, north of where division 18 had been based, military sources said.

"He lied and told Noun Chea that he would come (Monday)," said General Pol Sareoun, the deputy chief of staff who negotiated Heng Pong's defection.

The announcement of the defections was delayed in order that all the families could be brought to safety before the notoriously paranoid Khmer Rouge leadership discovered them, military officials said.

According to the military, Heng Pong was at one time a member of the Khmer Rouge central committee but this could not be immediately confirmed by independent sources.

He and his men are now helping government troops demine areas that only months ago they were planting mines in, Pol Saroeun and other army officers said.

"They are the only ones who know where all the mines are," said a colonel who asked not to be identified. "They are also going to help encourage more defections."

Two other Khmer Rouge divisions — division 20 in the southwestern province of Koh Kong, and division 17, which moves between the south-central provinces of Takeo and Kandal and Kampot — are still in operation in the area.

The Khmer Rouge ruled Cambodia from 1975 to 1979 and at least one million Cambodians were murdered or died from starvation or disease during their reign of terror.

They boycotted the 1993 elections and have since been fighting government troops. Their numbers are said to have dwindled to around 4,000 guerrillas in recent years.

Indonesia

Indonesia: Suharto, PRC's Li Peng Hold Talks in Bangkok

BK0203093796 Jakarta ANTARA in Indonesian
0429 GMT 2 Mar 96

[FBIS Translated Text] Bangkok, 2 Mar (ANTARA) — Chinese Prime Minister Li Peng told President Suharto in Bangkok on Saturday morning that the PRC will solve the Taiwan issue through peaceful means.

Speaking to reporters on the outcome of the two leaders' talks, Minister-State Secretary Mardiono reiterated President Suharto's stand that Indonesia continues to adopt the One China Policy [three preceding words in English].

During the talks, Chinese Premier Li Peng also reiterated his country's stand on the Spratly Islands which are wholly or partly claimed by several countries, including the PRC, the Philippines, and Brunei. Li Peng stressed that the PRC respects the International Convention of the Sea and will soon ratify it, adding that the PRC wishes to maintain peace in the region.

During the 30-minute meeting, both leaders [words indistinct].

President Suharto thanked the PRC premier for the invitation, and a suitable time will be set for the visit. President Suharto visited the PRC five years ago.

The head of state continues to attend the closed-door sessions of the Asia-Europe Meeting, but will return home in the afternoon. Before leaving Bangkok for home, the president is scheduled to hold talks with French President Jacques Chirac.

Indonesia: ICRC, Kidnappers Contact Reportedly Suspended

BK0503034996 Jakarta ANTARA in Indonesian
1940 GMT 4 Mar 96

[FBIS Translated Text] Wamena, 4 Mar (ANTARA) — Contact between the International Committee of the Red Cross [ICRC] and Irian Jaya's security disturbance movement has been temporarily suspended because they [not further specified] are "taking a rest," ANTARA correspondents said in their latest report from Wamena on Monday night.

Several ICRC members are currently in Wamena and Timika.

Correspondents who have been covering the efforts to secure the release of the hostages have decided to leave the capital of Jayawijaya District temporarily because of the absence of new developments.

A military source in Wamena confirmed they were probably "taking a rest."

According to the latest information from the military, the 13 hostages who were kidnapped in Mapduma village on 8 January 1996 are being held in the jungle near the border between Paniai and Jayawijaya Districts. They are healthy and safe, but have asked for medicine, food, and clothes, particularly women's clothes [passage indistinct].

Indonesia: Suharto Stresses 'Cordial Ties' With Australia

BK0403133296 Jakarta ANTARA in Indonesian
1050 GMT 4 Mar 96

[FBIS Translated Text] Jakarta, 4 Mar (ANTARA) — President Suharto says Indonesia must continue to forge cordial ties with Australia despite the change of government in the neighboring country, because the two countries need each other.

Indonesian Ambassador to Australia Wiryono Sastrohandoyo said this to reporters after meeting with the

head of state at the Cendana Road presidential residence in Jakarta on Monday. The reporters asked the ambassador about Indonesian-Australian relations in light of the recent elections, which saw the victory of John Howard, who will replace Paul Keating as prime minister.

Wiryono asked members of the public to wait for an official statement to be issued by the Howard government, because the new government must have its own style of leadership.

Wiryono pointed out that Australia's recognition of East Timor's integration into Indonesia in fact happened while Howard's Liberal Party was in power.

"Therefore, many observers hope that bilateral relations will not undergo a drastic change," said Wiryono, adding that Indonesia attaches great importance to relations with Australia in the economic, trade, cultural, education, and technological fields.

Indonesia: Minister Alatas Views Howard's Victory in Australia

LD0403121896 Melbourne Radio Australia
in English 0800 GMT 4 Mar 96

[FBIS Transcribed Text] Indonesia's foreign minister, Ali Alatas, says he hopes relations between Canberra and Jakarta will remain as good under the new coalition government as they were under the outgoing prime minister, Paul Keating. Michael Maher reports that Mr. Alatas has said in general terms he sees little difference between the coalition and the Labor Party on foreign policy issues.

[Begin recording] [Maher] Mr. Alatas says Indonesia will be looking at the nuances of the incoming Howard government's foreign policy before making a full assessment on how bilateral ties between Canberra and Jakarta are likely to develop. However, the Indonesian foreign minister said that in general terms there was not much difference in the policies pursued overseas by the Keating government and those likely to be pursued by Mr. Howard.

[Alatas] We don't know yet what, in detail, the impact will be on Australian policy, but as far as we know, we heard Mr. Howard on several occasions and also [shadow foreign minister] Mr. Downer saying that Asia will remain a high priority, so we will have to see how that translates into actual policy. [end recording]

Indonesia: Daily Supports Continuation of Australia Policy

BK0503061996 Jakarta SUARA KARYA
in Indonesian 5 Mar 96 p 5

[Editorial: "The Outcome of Australia's General Election and Indonesia"]

[FBIS Translated Text] The victory of a coalition of the Liberal Party and the National Party in Australia's general election on 2 March 1996 appears to have come as a surprise for observers because the Labor Party government pursued good economic and foreign policies during its 13 years in power. According to Dr. Ikrar Nusa Bhakti, a researcher and an expert on Australia at the Indonesian Institute of Sciences, the Labor Party government had, for example, succeeded in adopting a brilliant economic policy, reducing unemployment, enhancing Australia's economic, political, and defense integration with Asia, and equitably distributing socioeconomic benefits to the Australian people.

Reviewing Australia's policies under Prime Minister Paul Keating from the Labor Party, his agile approach to orienting Australia to Asia, a move unprecedented in the history of the land of the kangaroos, can be seen. Nevertheless, his speedy move appears to have caused Australian voters, particularly those who have not been prepared to renounce or slacken their historic relations with the West, to think that the Labor Party government had gone too far and that they needed to "soften" the trend by giving the Liberal-National coalition a victory.

Only close observation will show whether the Liberal-National coalition government under John Winston Howard will truly revise the preeminent policies and measures of the Labor Party government under Paul Keating. We will not speculate on that possibility because it is the right of the Australian people under the John W. Howard government to achieve a better future for them.

Nevertheless, it will be difficult to avoid a negative impression if the John W. Howard government neglects the progress made by the Labor Party government, because the land of the kangaroos plays a crucial role in the Asia-Pacific region, which is currently undergoing rapid changes.

Perhaps, it is not too difficult for us to attribute the victory of the Liberal-National coalition in the 2 March general election to the Australian people's desire to reorient Australia to the West or at least to strike a balance between the country's orientation to the West and Asia.

It is the right of the Liberal-National coalition government to make a choice. In the context of the great

changes in the Asia-Pacific region marked by the birth of the Asia-Pacific Economic Cooperation forum and the recent convening of the Asia-Europe Meeting to enhance Asian-European cooperation, it would, however, be unsound if the Liberal-National coalition government adopted policies and took measures that eventually reduced Australia's role in the process.

We believe that the John W. Howard government will truly realize this. Accordingly, we have strong reason to believe that Prime Minister-designate John W. Howard will continue Australia's Indonesia policy, which was initiated and developed by Labor Party governments, particularly under Paul Keating, because Indonesia is Australia's closest neighbor.

Finally, we would like to convey our best wishes to the John W. Howard government.

Philippines

Manila To Support Germany's UNSC Permanent Membership

BK0503121396 Manila PNA in English
0717 GMT 5 Mar 96

[Report by Ruben B. Cal — received via Internet]

[FBIS Transcribed Text] Bangkok, March 1 (PNA) — President Ramos said the Philippines will support the inclusion of Germany as a permanent member of the United Nations (UN) Security Council [SC].

The president made known the position of the Philippines during his bilateral talk with German Chancellor Helmut Kohl at the Oriental Hotel here Thursday night, according to Foreign Affairs Undersecretary Rodolfo Severino.

Severino briefed Filipino and foreign journalists covering the first Asia-Europe Meeting (ASEM) that Kohl thanked Ramos for supporting Germany as a permanent member of the security council.

The president said that the matter for the additional membership to the UN Security Council should not be taken as an isolation but rather in the context of the enlargement of the security council as a whole, both permanent and non-permanent membership, and the reforms in the way it does its work.

The Philippines had earlier supported a move to make Japan also a permanent member of the Security Council, Severino said.

At present, the permanent members of the UN Security Council are the United States, Russia, France, England, and China.

The president also told the German leader the necessity to prevent the return of the Cold War.

Both Germany and the Philippines were victims of the Cold War between the West and East rivalry immediately after the Second World War.

The Cold War ended in the late '80s with the collapse of the Soviet Union.

The discussion between Ramos and Kohl was held a day prior to the holding of the first ASEM summit which opened here today.

The two leaders are among the 25 heads of state and government who are attending the meeting hosted by Thailand.

The informal meeting will deal mostly on economic cooperation between Europe and Asia.

Mr. Ramos' expectation of the two-day conference is the revival of the Asia-Europe link beyond cultural ties.

Kohl said that initially, Europe had skepticism over the possible holding of the ASEM because in the past much had been said but little had been done.

The president told the German Chancellor the need to maintain peace and stability in the world.

The other topic discussed by the two leaders was the protection of the environment in the South China Sea, the Asia-Pacific security, and a proposal for a German-RP [Republic of the Philippines] Business Council.

Germany's interest on the Asia-Pacific Economic Cooperation (APEC) although it is not a member, was also taken up, Severino said.

Germany has expressed its desire to participate in the APEC Center for Technology Exchange and Training for small and medium enterprises which is based in Los Banos, Laguna.

Both Kohl and Ramos also agreed to strengthen further RP-German economic relations. They said they will pursue their dialogue in the future.

Kohl has accepted an invitation to visit the Philippines sometime this year.

Philippines: SRV Stresses Voluntary Repatriation

BK0503030696 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 2230 GMT 4 Mar 96

[FBIS Translated Text] The Vietnamese Government has urged the Philippine Government to be discreet in repatriating Vietnamese refugees. In a letter, the Vietnamese Government reminded the Philippine Government that repatriation must be on a voluntary basis.

It likewise expressed appreciation for the support offered by the Catholic Church to protect the Vietnamese against forced repatriation.

On the other hand, the Western Command has criticized the church for opposing forced repatriation without providing an appropriate alternative to resolve the problem.

Meanwhile, Foreign Secretary Domingo Siazon has said they will just persuade the refugees rather than forcing them to return to their country. He added that voluntary repatriation remains the policy for the repatriation of refugees. He has denied the announcements made by Navy Captain Rex Robles that there will be forced repatriation of refugees.

Thailand

Thai Navy Chief Warns Against Security Threat From Malaysia

BK0203090596 Bangkok MATICHON in Thai
25 Feb 96 pp 1, 12

[Unattributed Report]

[FBIS Translated Text] According to report dispatched from the Defense Ministry on 24 February, Defense Minister General Chawalit Yongchaiyut has approved the plan to purchase 25,000 pagers — 1,100 for the Office of Permanent Secretary for Defense, 3,536 for the Supreme Command Headquarters, 14,034 for the Army, 4,248 for the Navy, and 7,310 for the Air Force. The total cost of the pagers is 143.75 million baht, to be drawn from the budgets for the fiscal years of 1996 and 1997.

The report said that the Defense Ministry earlier planned to purchase 30,228 pagers. However, the Fiscal Budget Bureau cut the number down to 25,000 and allowed the ministry to use only eight million baht from the 1996 fiscal budget originally set aside for stationary materials. The remaining 135.75 million baht will be drawn from the 1997 fiscal budget.

A source said: "The armed forces will have to pay a 75 million baht monthly service charge each year. During the meeting of the Defense Council, Gen Chawalit emphasized the transparency of the purchase plan." After the procurement, he said, the Defense Ministry will have to: 1. Set up regional and central communication centers for Army regions, divisions, and military circles. 2. Train military personnel on how to use the device. 3. Work out the procurement and distribution procedures. 4. Control and designate the numbers of the pager for the purpose of identifying users and the units they are attached to. 5. Make preparations for linkage with the Internet System. 6. Stipulate the formats for the issuance

of orders and a coordination system. 7. Establish the standards for the dissemination of confidential materials and crosschecking of information. 8. Set the operational procedure.

According to a source in the Defense Ministry, during the latest meeting of the Defense Council, Gen Chawalit, in his capacity as the chairman of the Defense Council, held discussion with the supreme commander, commanders and chiefs of staff of the three armed forces, and members of the Defense Council on the restructuring plan for the Thai armed forces to be implemented from 1997 to 2001.

General Mongkhon Amphon, military chief of staff, informed the meeting of the objectives of the restructuring plan as follows:

1. To strengthen the national defense capacity to cope with external threats and conform with the country's economic status.
2. To formulate the budgetary plan for the Defense Ministry.
3. To enable commanders to examine and supervise the implementation of the restructuring plan.
4. To ensure the combat readiness of the three armed forces.
5. To set the direction for the mobilization of resources for military purposes and recruitment of personnel as well as the modernization of war weapons and equipment.

The source revealed that officials concerned also presented to the meeting an analysis of the potential external threats, their possible origins, and the assessment of the military strength of various countries. The meeting set the guideline for the use of force for national defense. In this connection, the Air Force anticipated that national threat should come from the southern direction. Representatives of the three armed forces informed the meeting about their operational obstacles and problems. The three armed forces voiced no objection to the restructuring plan.

The meeting reportedly reviewed the new requirements of each armed force. The Supreme Command Headquarters wanted to increase the efficiency of its line of command and communications network and needed more equipment. The Army wanted to further improve its organizational structure and purchase basic weapons for its divisions. The Navy wanted to set up a submarine fleet. The Air Force wanted to purchase aircraft to provide operational support for the Army and Navy. Before the end of the meeting, Navy Commander Admiral Prachet Sirdet noted that Thailand must be particularly vigilant against any security threat from Malaysia and should accurately estimate the situation from that side, including that concerning the fishery problem and separatist movements.

The source said: "Army Commander Gen Pramon Phalasin said he agreed with the navy commander, adding that the military should revise its assessment of security threats from neighboring countries. The assessment of security threats, not the attitude of any particular country, determines the need for national defense capacity. However, it does not mean that Thailand and neighboring countries are enemies."

The source cited Gen Chawalit as saying that the implementation of the plan must be in line with budgetary constraints and he agreed with the Army and Navy commanders' call for a revision of the assessment of the situation, because any military confrontation in the future will be small-scale. He believed that Thailand will have more serious border conflicts with its neighbors and encounter more problems related to border robberies, smuggling of contraband goods, unclear demarcation lines, and other forms of border crimes. The defense minister, therefore, asked the three armed forces to be prepared in terms of manpower and weapons.

Thai Press Release on Issues Raised by PRC's Li Peng

BK0203085196 (Internet) Thai Ministry of Foreign Affairs Asia-Europe Meeting WWW in English 2 Mar 96

[Press release issued by the Information Department of the Thai Ministry of Foreign Affairs in Bangkok on 1 March: "Selected Issues Raised During Bilateral Talks Between Chinese Premier and Other Leaders"]

[FBIS Transcribed Text] Today (1 March) at the Press Conference, Chinese spokesman answered to quite a few questions raised by journalists concerning bilateral talks between Prime Minister Li Peng and other leaders, namely the Prime Ministers of Thailand, Vietnam, the United Kingdom, Malaysia, Singapore, the President of France, the German Chancellor and the President of the European Commission.

Among others, the talks touched upon issues of WTO, Hong Kong, Taiwan and Chinese military role.

On WTO, the spokesman said that all the European leaders whom Mr. Li talked with expressed positive attitude towards Chinese participation in the WTO and confirmed that obstructions to Chinese membership did not come from any EU countries. The spokesman further added that the attempt to block China from the engagement in WTO is unrealistic because it disregards China's level of development. This act constitutes discrimination against China.

On issues related to the return of Hong Kong to China in 1997, Premier Li confirmed China's clear position on

having two systems in one country and not sending a governor to run Hong Kong.

The matter on the UK's granting a visa-free to Hong Kong SAR [Special Administrative Region] passport holders was also raised with British Prime Minister. The spokesman emphasized that details of the handing-over ceremony is a matter between China and the UK only and will be decided in an appropriate time.

On Taiwan issue, the spokesman said the issue is regarded as solely China's internal affairs. The situation in the Taiwan Straits will be eased if Taiwan stops pursuing policy of "two Chinas" or "one China and one Taiwan".

The Chinese spokesman responded to a question on China's military role and nuclear policy by saying that China would contribute constructively to the existing peace and stability in the Asia-Pacific region. Its military might be used solely for self-defence. He said China has developed a limited nuclear capacity in order to ensure that there would be no monopolisation of nuclear armament. China still confirms that it will not be the first to use such weapons and will not use nuclear weapons against any non-nuclear countries or in a nuclear-free zone.

Thai Border Troops on Alert as Rangoon Attacks Kayah Rebels

BK0303114696 Bangkok THE SUNDAY POST in English 3 Mar 96 p 3

[Unattributed report]

[FBIS Transcribed Text] Border troops were placed on alert yesterday after Rangoon soldiers renewed their assault on Kayah minority rebels across the border from Mae Hong Son.

Heavy shelling on Kayah positions near Ban Doi Saeng border pass continued for six hours, prompting an evacuation alert for Thai villagers along the border.

Border sources said Rangoon has deployed as many as 3,000 troops in preparation for a major drive to uproot the Kayah rebels in the area.

Thailand: Japan Supports Bid To End Poverty in Mekong Basin

BK0203133196 Bangkok BANGKOK POST in English 2 Mar 96 p 7

[Report by Saridet Marukathat, Wichit Sirithawiphon, and Phanrawi Tansuphaphon]

[FBIS Transcribed Text] Japan reaffirmed its strong support yesterday for international efforts to eradicate

poverty in the Mekong basin and turn the area into a new marketplace of Southeast Asia.

Shunpei Tsukahara, the minister of International Trade and Industry, made the assurance to Deputy Prime Minister Amnuai Wirawan during bilateral talks while their prime ministers attended the summit which ends today.

Mr Amnuai quoted the Japanese minister as telling him Prime Minister Ryutaro Hashimoto was keen in playing an active part in the development the Mekong countries, which encompasses Burma, Cambodia, China, Laos, Thailand and Vietnam.

Japan will consider Thailand's proposal for Tokyo to finance the construction of a bridge across the Mekong River between Mukdahan and Savannakhet, Laos, Mr Amnuai said.

Thailand and Laos agreed to build the bridge early this year.

A call for international efforts, spearheaded by the Association of Southeast Asian Nations, to develop the basin was taken up in the first day of the summit.

Prime Minister Banhan Sinlha-acha, in an opening address, expressed satisfaction at the degree of interest from other Asian and European countries.

Foreign Ministry spokesman Suraphong Chaiyanam said leaders of 10 Asian and 15 European countries discussed the issue and suggested the European Union play a greater role by channeling more funds to the Mekong countries.

Apart from Japan, South Korea has shown interest in launching projects in the area and cooperating with ASEAN but the European Union was cautious about making a full commitment.

The European Commission needed further studies and talks with its EU members and the private sector on how to join the development plan, an EC official said.

"We still don't have a position on it," he said. European investors would be interested in the plan if they evaluate the economic potential.

An analyst closely involved in the Mekong project said opportunities to set up hydropower projects would be one area likely to attract many European firms which specialise in dam construction.

Thailand should have a clear strategy in order to be a centre of coordination for projects to be launched in the basin, he said.

Thailand can use its geographical location in the basin and the Kingdom has experience of adapting technology

from other countries to use with the Mekong states, he added.

Meanwhile, the private sector is moving to explore opportunities with visits to Vietnam, Cambodia and Burma.

A group of 60 business leaders will meet experts and officials from Vietnam, Thailand, Laos and Yunnan province of China in a seminar on March 31 and April 1 before visiting Phnom Penh and Rangoon, the World Economic Forum said.

Thailand: UN Security Council Seat for ASEAN Issue Viewed

BK0203124096 Bangkok BANGKOK POST
in English 2 Mar 96 p 7

[Report by Anurat Maniphan, Suphaphon Kan-wirayothin]

[FBIS Transcribed Text] France has rejected the idea of ASEAN obtaining a permanent seat in the United Nations Security Council when Asian and European leaders debated the reform of the world body.

A French delegation spokesman rejected the idea saying UN member states, not regional organisations, make up the UN.

"It's not possible," the spokesman said when asked if France would support ASEAN as a new member of the United Nations' main decision making body.

"Member states take part in [the activities] of the UN on the basis of equality among states. Therefore it is not possible to place regional groupings there in the Security Council," said the spokesman.

France is one of the five permanent members of the Security Council. The others are Britain, China, Russia, and the United States.

The permanent members of the Council decide on key matters such as peacekeeping. The Council also has 10 non-permanent members who serve on a rotating basis.

ASEAN has considered the idea of holding a permanent seat since the UN Secretary General Butrus Butrus-Ghali argued in his Agenda for Peace, published in 1992, for regional groupings to assist the work of the Security Council.

But ASEAN — which groups Brunei, Indonesia, Malaysia, the Philippines, Singapore, Thailand, and Vietnam — has not gone as far as forming a proposal on the matter.

Germany and Japan, main financial contributors to the UN, have long made public their wish to join.

ASEAN's interest in having a permanent seat was raised by Thai Foreign Minister Kasemsamson Kasemsi during talks with German Foreign Minister Klaus Kinkel yesterday afternoon.

M.R. Kasemsamson argued the Security Council should be equitably represented in geographical terms, the Foreign Ministry's Europe Department Director-General Aphinan Phawanarit said.

M.R. Kasemsamson raised the matter after Mr Kinkel asked Thailand to support Germany's bid for a permanent seat in the Security Council.

M.R. Kasemsamson said Thailand believes both Germany and Japan play an "important role" in the UN.

At the forum leaders from Scandinavian countries, Germany, Britain, and Japan spoke of UN reform the most, the French spokesman noted.

Sweden stressed the need for member states to save the UN from its financial crisis.

Stockholm's representative pointed out the UN was important for peacekeeping, conflict prevention, and for protecting human rights.

Other sources noted that while the Europeans tended to dwell on the UN's financial crisis, Japan pressed for change on three fronts.

Japan's spokesman Hiroshi Hashimoto said these were:

- The Security Council;
- The UN's activities in social and economic development;
- And the financial system.

The UN's financial troubles largely stem from the U.S. failure to pay a large amount of arrears.

By the end of 1995, it was reported the U.S. was estimated to be owing half of the UN debt of US\$2.3 billion for peacekeeping and regular dues.

The U.S. is believed to have been in the mind of the UN Secretary-General, Mr Butrus-Ghali, when he called for the ceiling of contributions from member states to be cut from 20 to 15 percent. The proposal would reduce the UN's dependence on any one member state.

The U.S. contribution is currently assessed at more than 20 percent of the budget.

The 15 member states of the European Union together pay 35 percent of UN expenses.

As a means of raising cash Malaysian academic Stephen Leong of the ISIS [expansion unknown], recently proposed the UN collect taxes on the sale of arms.

Thai Editorial Urges ASEM To Emphasize 'People Element'

BK0303134296 Bangkok THE SUNDAY NATION in English 3 Mar 96 p A4

[Editorial: "ASEM's 'Feel Good' Fever Has To Spread to People"]

[FBIS Transcribed Text] The landmark Asia-Europe Summit (ASEM) ended yesterday with leaders from both continents feeling good about the ties they forged between the world's first economic powerhouse and the newly emerging economies of the Far East.

Controversies and countless mutual irritants thrust firmly to the sidelines, the leaders of 25 nations put the seal on what almost everybody said had been a resounding success. A final chairman's statement stressed the "equality" of two regions with a long colonial history as they move towards a new relationship in a rapidly changing world.

The start of "feel good" fever was felt late Thursday night at the informal dinner for all heads of state, where Portugal Prime Minister Antonio Guterres took the initiative to walk up to Indonesia's President Suharto to discuss East Timor.

Olive Branch

This offer of an olive branch prevented a possible row at the inaugural ASEM over the troubled former Portuguese enclave, which Indonesia invaded in December 1975. It was the first such one-on-one meeting of the two heads of state after Lisbon broke off diplomatic ties with Jakarta 20 years ago. According to diplomats who were present at Thursday's informal dinner, ASEAN leaders urged Guterres not to bring up East Timor at the ASEM sessions, and instead treat the problem as a bilateral issue between Portugal and Indonesia.

On Friday, Guterres said that as far as he was concerned, the matter need not be brought up again at the summit sessions. Thailand as host country, must have been relieved at this assurance as there were unconfirmed reports that Suharto planned to walk out if the Portuguese premier raised the issue during the plenary session.

But the storm over East Timor was not the only one defused. Japan and South Korea also made some headway through one-to-one talks over a bitter territorial dispute, and there was a thaw in relations between Britain and China over Hong Kong — when Jo's Major met his Chinese counterpart Li Peng.

There's no doubt that the summit was driven by economics, with the 15 members of the European Union drawn to a booming region where most analysts

agree they have been slow to get involved. The final statement sets broad goals for warmer economic ties and a closer political relationship. The leaders have agreed on another summit in London in 1998 and one in Seoul four years from now, with economic ministers to meet in Tokyo next year and business leaders getting together ahead of that.

The overriding question is can the people too share this euphoria over ASEM? For many of the villagers camped out in Lumpini Park, protesting against the destructive effects of mega projects like dams, ASEM is a stark reminder of how their lives have been ruined.

Environmental degradation is one that affects almost all countries in Asia and Europe, although in differing intensities. In all of these, the poor are more adversely affected than the others while industry and business gain. Much of the demand for natural resources comes from the industrialized rich countries. Eighty percent of the world's resources are consumed by twenty percent of the population in around twenty countries in the West.

The environmental problems of Western countries are perhaps more dangerous because it involves the generation of toxic waste and its dumping into the eco system.

And yet, poor people are often blamed for environmental degradation because they produce children, graze land for feeding their animals, collect firewood for cooking and go in search of land for feeding their families. International organizations and summit meetings talk about environmentally sustainable development while multinational corporations push the agenda of the market, private sector and profitability. The common man has been left out.

Public Opinion

A twin track approach is needed because maximizing economic growth is not an end in itself. Firstly, public opinion must be mobilized to change the policies and behaviour of national governments and corporate interests within their respective countries. Secondly, alliances must be built across countries and people-to-people links forged to influence policies.

The limited participation of governments and business people at the ASEM is an indication of how the people have been marginalized. If ASEM is truly about economics, then it is all the more reason why the people element should be there. As economies grow and the rich get richer, the gap between the bottom and the top widens. And this must be addressed and acknowledged by the leaders.

Thai Economic Adviser Khosit Views Development BK0503070396 Bangkok THE NATION in English 5 Mar 96 p A8

[Interview with Khosit Panpiamrat, chief economic adviser to the prime minister, former National Economic and Social Development Board chief, and Bangkok Bank executive, by correspondent Parit Iamphongphai-bun; place, date not given]

[FBIS Transcribed Text] [Parit] Could you explain the method of distributing economic development to the regions?

[Khosit] Sustainable development is very important. We have witnessed the country's steady economic growth. But most of the people here are not taking part in the process. Myself and several others working on this don't believe it has been developed correctly. That's why so many people are becoming involved.

During the administration of prime minister Prem Tinsulanon, he believed that poverty was the most serious problem. Many people at the time also thought so. But I thought the major problem was about improving the quality of life.

And then the programme "a decade for rural development" was announced. That was the first time we tried to promote the quality of life, like literacy and fundamental medical care. At that time, there was no such thing.

[Parit] What is the method of obtaining regional development?

[Khosit] We think the process involves three major phases. The first stage is already complete — the people have a good quality of life. The second involves income and means of livelihood. As economists, we know we need a kind of structure in which the country's economy does not rely entirely on the agricultural sector if we want to ensure job security and high salaries. We believe we must have economic development, and we also have to think about "how" to do it.

We realize we have to make it available to every province, mostly through investment. Most investment should be industrial.

But we also believe it is not right to emphasize the industrial sector alone. We have to make sure that the investment reaches every part of the country. I personally want it to reach areas where people have low income and their living depends largely on agriculture — such as Sisaket province. It is the poorest province of the northeastern region and of the country.

[Parit] What are the motivational factors that will encourage people to invest in those areas?

[Khosit] We have to ask first who we need to motivate. We now have three groups of people in mind. First, there are industry, trade and service groups, which are all private operators. They all have an important role to play. The second group is the state, and the last is the people themselves, especially those who are legal entities, like tambon councils or a chambers of commerce. These three groups have to play a part in promoting economic activity.

As for the method, according to the prime minister, it is difficult to develop provinces one by one. He wants to form groups of four to six provinces to serve this development purpose, which would consist of around 14 groups throughout the country, excluding Bangkok and neighbouring provinces. We would support it and promote cooperation. A joint committee made up of the government and private sector has met recently and discussed a plan for economic distribution.

We are planning to form the groups to create what we call an "investment strategy plan". The previous governments have done many studies concerning investment in the provinces. We are going to make use of those studies to determine the similarities and differences between the various provinces and what kinds of resources they share.

[Parit] What criteria will be used when it comes to arranging those provinces into groups?

[Khosit] Each group should not comprise more than one wealthy province, and they should share provincial borders. We would also have to study each province in the proposed group before deciding. We will also call groups of different regions "sub-regional" groups. The sub-regional groups will support one another.

[Parit] Which agency is handling the study?

[Khosit] The National Economic and Social Development Board and the Interior Ministry are assigned to review all the information and assess the potential of the provinces by considering their natural resources and manpower. We are trying to determine what kind of business potential they have — industry, trade or service.

If we proceed with this plan, we need to discuss it with the three groups I have mentioned and see who wants to do what. If we can attract big operators like Siam Siemens, it would be great because they have the expertise. I want them to help implement the plan. I want to draft an investment strategy plan under which we will know who is going to invest in the area in

the next five or ten years. And the results of the study will tell what kind of business should be introduced. The border provinces, for instance, have the potential to expand border trade while the areas with water resources are fit for industrial activities.

[Parit] What provinces do you think have such potential?

[Khosit] Ubon Ratchathani, Yasothon, Sisaket, Mukdahan and Amnat Charoen provinces. I want to finish with it before the end of this fiscal year, but I am not sure about that.

This is only part of what the committee on regional development policy, chaired by the prime minister, is working on. We have two more missions. The first is to reform the bureaucratic system and state enterprise agencies. State enterprises are asked to report to the Finance Ministry their plans to expand their activities into the provinces. The Port Authority of Thailand needs to determine how to make travelling to Laem Chabang faster. It's not presently part of their plan, but we are going to see that it is included.

But economic development is not enough. Also needed is social development. There are two aspects to be developed — human resources, involving education and training, and environment and natural resources management.

I don't think removing the local people from forest areas is the best way to protect the environment. We need to let "local people" to look after their resources, not concessionaires.

[Parit] Will these provinces receive funds from the government?

[Khosit] I would like the government to consider it on a case-by-case basis. Suppose that I am considering the groups Ubon Ratchathani, Yasothon, Sisaket, Mukdahan and Amnat Charoen. I would focus on Sisaket province. Why? Because it is the poorest. We would determine what we were going to do in this province and open talks with the private sector. We would ask them what they intended to do, and we would discuss our intentions.

[Parit] And this plan will finally narrow the gap between Bangkok and the provinces?

[Khosit] Those provinces will not reach the same level of development because of their varying potential. But it will lead to better distribution of wealth.

We have talked about it for 20 years, but it did not happen because we were not ready. We have to first go through the two other stages of providing a better

quality of life and job security before we can attain the stage that we have been discussing.

Vietnam

SRV: Assembly's Opening Session Reported

BK0403101796 Hanoi Voice of Vietnam Network
in Vietnamese 1100 GMT 2 Mar 96

[Report by Quang Huong]

[FBIS Translated Text] In the joyful atmosphere of striving for the production emulative campaigns in early spring, this morning at the Ba Dinh Conference Hall in Hanoi, the ninth session of the Ninth National Assembly solemnly commenced.

Present at the opening session were Comrade Party General Secretary Do Muoi, party Advisers Pham Van Dong and Vo Chi Cong, and President Le Duc Anh. Also attending were a number of former representatives of the First National Assembly, and the special presence of the Polish Senate delegation led by His Excellency Chairman Adam Struzik, who is on an official visit to our country.

Before the session started, National Assembly delegates laid a wreath of flowers and paid tribute at the mausoleum of President Ho Chi Minh. At 0830 [Hanoi time] sharp, the military band played the national anthem, and National Assembly Chairman Nong Duc Manh delivered his opening speech. The chairman said:

[Begin Nong Duc Manh recording] The National Assembly's ninth session is a session with many important contents on its agenda. The National Assembly will discuss and pass a number of laws that aim to institutionalize the party's renovation line and standpoint, and continue the gradual process of perfecting the legal system for the causes of national construction and management. They include the law on the national budget, the law on mineral sources, and the law on cooperatives. These laws will help solve the urgent issues arising from our daily life related to the building of a healthy financial and monetary system, effective management and exploitation of natural resources, and encouraging the development of a collective economic sector. The National Assembly will also consider the government supplementary report on the situation in 1995, and the necessary measures to complete the tasks for 1996.

Since the eighth session, the socioeconomic situation has continued to show signs of positive change. However, there have come a number of new issues, including the issue providing the most concern: the implementation of the national budget tasks. The opinions voiced by National Assembly deputies in this session on the evaluation of the situation and measures to deal with

difficulties will serve as important assistance to the government and all sectors and levels in their duty of guiding the implementation of the tasks of 1996, which is the first year in the 1996-2000 five-year plan. The National Assembly will also hear and give its opinion on some other important reports.

Dear National Assembly deputies; Our session takes place in an impetuous atmosphere of preparing for party congresses of all levels and the Eighth National Party Congress. With the Eighth National Party Congress in mind, and with the responsibility of people's representatives, I hope that all National Assembly deputies will develop democracy and concentrate all their energy on the effective completion of the session's agenda and contents. And in that spirit, I would like to announce that the ninth session of the Ninth National Assembly of the Socialist Republic of Vietnam is now open [applause]. [End recording]

After the inaugural speech by National Assembly Chairman Nong Duc Manh, Deputy Prime Minister Phan Van Khai delivered the government supplementary report on the situation regarding the implementation of the 1995 tasks and the progress in the 1996 tasks. As for the implementation of the 1995 tasks, the government supplementary report reveals that as compared with the estimated statistics in a reported presented to the National Assembly in early October 1995, the results from the 1995 plan do not show significant differences with the general targets, which reflect the 1995 economic growth rate compared with that of 1994; for instance, the GDP index increased by 9.5 percent, industrial production increased by 14 percent, agricultural production output increased by 4.7 percent, services increased by 12.6 percent, the export value reached \$5.3 billion, and the import value reached \$7.5 billion.

Regarding the socioeconomic situation over the first two months of 1996, the government report stressed that the most salient factor in the past two months and during Tet, the year of the Rat, is that there have been many positive changes in production, goods traffic, and price stabilization. The usual sluggish and unstable situation in the early months of the year in all the previous years has been rectified. In particular, in the past two months, industrial production output increased by 13.5 percent compared to the same period last year.

Other important products such as electricity, coal, crude oil, steel, and cement, and other consumer products that are in frequent demand during traditional New Year celebrations also increased considerably. Market prices were more stable than they have been in past years. Products that were on sale during the traditional New Year celebrations were fairly diverse and met the

multifaceted demands of people from all walks of life and from all different regions. Generally speaking, the number of price hikes in the first two months of this year is less than half of 1995's, and is at an all time low when compared with the same period of time for the past 10 years.

In the past, budget revenue collection remained low during the first several months of the year. This year witnessed an unusual phenomenon because the total state revenue collection for January and February increased by nearly 29 percent over the same period from last year. Public security and order continued to be strengthened and broadened.

In evaluating the issues relating to guidance over the implementation of the 1996 tasks, the government supplementary report presented by Deputy Prime Minister Phan Van Khai clearly pointed out:

[Begin Phan Van Khai recording] The pace of past achievements must be maintained and developed more vigorously in order to successfully implement the National Assembly's resolution on tasks for 1996. This is a very significant year for national renovation and development based on industrialization and modernization.

Holding party organization congresses at all levels and the holding the National Party Congress will take the time and attention of leading agencies. Concrete activities must still be stepped up instead of being neglected. Efforts must be made to fulfill, or even surpass, the targets set for the latter half of the year in order to realistically welcome and contribute to the success of the congress. To meet this requirement means to apply the significance of the congress to life, uphold the party's leadership role, and increase the people's attachment to and trust in the party.

The great driving force behind the implementation of 1996 tasks rests with efforts to accelerate the renovation undertaking on a profound and widespread basis and to firmly grasp socialist orientations.

Our main objective now is to adopt uniform measures to implement and link economic reform with the improvement of administrative procedures. This is in order to fully release all production forces and to create and develop conditions for the market mechanism to operate dynamically, healthily, and orderly under adequate and effective state management.

Based on that spirit, the government has formulated the 1996 action program to direct the implementation of the National Assembly's resolution. In its report approved by the Government for submission to the National Assembly, the Ministry of Planning and Investment presented the picture of major balances of the national

economy and suggested practical measures to implement the 1996 tasks. [end recording]

Next, Deputy Prime Minister Phan Van Khai raised the following five major issues for the National Assembly to consider and contributed suggestions as how to satisfactorily implement them:

First, to balance the implementation of the state budget revenue collection and expenditure plan already approved by the National Assembly constitutes the primary task for administrative organs at all levels and sectors to carry out. Under this plan, the 1996 budget revenue collection will increase by 22.7 percent more than 1995. Regarding budget expenditure, priority will be given to funding for capital construction;

Second, to continue to push back and control the 1996 inflation rate in order to keep it lower than 1995's;

Third, to exploit the potential and improve the efficiency of development investment of society as a whole;

Fourth, to work out a policy and mechanism to create a new development momentum on the social and cultural fronts; and

Fifth, to adopt effective measures to implement the administrative reform program.

After the government supplementary report, the National Assembly deputies heard Ly Tai Luan, chief of the National Assembly's Economic and Budget Committee, read a supplementary report on the implementation of economic and budget tasks in 1995 and on measures to be adopted to deploy the economic and budget tasks in 1996 as already outlined in the government supplementary report.

The chief of the National Assembly's Economic and Budget Committee said that his committee unanimously agreed with the government supplementary report on the implementation of various tasks in 1995. In the 1995 state budget, however, collection failed to meet the necessary target. This was at a time when collection shortfall and losses were still great, when the rate of spending was faster than that of collection, when expenditures usually exceeded the estimated figure, when spending capital construction was still far below requirements as the amounts of debts were still so big, and the state budget plan figures were higher than allowed by the National Assembly. This difficult issue was clearly visible in 1995, and we should remain attentive to it, and efforts should be made to resolve it in the future, especially in 1996, which is the first year of the five-year (1996-2000) plan.

Regarding measures to implement the economic, social, and state budget tasks in 1996, the National Assembly's

Economic and Budget Committee favored those solutions and measures already outlined in the government supplementary report. Regarding methods used for state budget expenditure and collection in 1996, Ly Tai Luan, chief of the Economic and Budget Committee, clearly pointed out:

[Begin Ly Tai Luan recording] The 1996 state budget collection plan, which calls for a 23 percent increase over the actual collection figures in 1995, constitutes a very heavy task. To carry out and fulfill this target, various sectors, echelons, localities, and establishments must provide close guidance for all work links. They must actively exploit all sources of revenue and vigorously deploy efforts against tax collection shortfalls. They must also strive to increase tax collection by expanding and improving the results of production and business, creating and fostering the sources of revenue, managing closely all sources of revenue, and all items of collection, and ensuring that they must be reflected in the state budget.

At the same time, urgent efforts must be made to study, amend, and supplement a number of tax policies. Efforts should be made to renovate the tax system and tax policy to suit the actual situation, and to create a uniform legal environment to promote increased production, this should be used as a basis to increase the sources of revenue for the state budget. It is necessary to promptly promulgate various financial management systems for business enterprises so as to enhance the state's control and supervisory functions over the state-run business sector, over those enterprises with foreign-invested capital, as well as over the non-state economic sector, trying to ensure correct and adequate tax collection in accordance with the law. Efforts must be made to be thrifty in routine spending, as well as state budget expenditures. Efforts must also be made to ensure that spending is done properly and is effective, including in the area of investment for capital construction. We must ensure that all spending is in line with the National Assembly's resolution and only plan expenditures within the capacity of guaranteed sources of revenue and the allocated quota. If collection fails to meet our target, we should reduce spending accordingly. We must closely control the management and use of public property, especially houses and land. We must continue to step up the struggle against corruption, smuggling, and wastefulness, and to practice thrift, especially among state offices and enterprises. [end recording]

During the first working day of the Ninth National Assembly's session, National Assembly deputies heard the following:

— On behalf of the government, Industry Minister Dang Vu Chu, read a report on the draft of the law on bankruptcy;

— The chief of the Science, Technology, and Environment Committee read an investigative report on the draft of the law on bankruptcy;

— The Minister of Planning and Investment, on behalf of the government, read a report on the draft of the law on cooperatives;

— Representative of the National Assembly's Economic and Budget Committee read an investigative report on the draft of the law on cooperatives.

SRV: Phan Van Khai Addresses Assembly, Part 1

*BK0403124696 Hanoi Voice of Vietnam Network
in Vietnamese 1430 GMT 2 Mar 96*

[First installment of excerpt of government supplementary report presented by Deputy Prime Minister Phan Van Khai at the opening session of the Ninth Session of the National Assembly in Hanoi on 2 March — read by announcer]

[FBIS Translated Text] I. The Situation on the Implementation of 1995 Planning.

Comparing assessments outlined in the government report presented to the National Assembly in early October 1995, the result of the implementation of combined targets outlined in the 1995 planning has not changed. The results from 1995 show the economic development rate increased 9.5 percent over 1994 for the gross domestic product, 14 percent for the industrial output, 4.7 percent for the agriculture production, and 12.6 percent for services. The output of foodstuff and key industrial products remained the same, or was only slightly different, from estimated numbers set forth in the October 1995 report.

The development of science; the improved service in education and training, culture and information, health care, and family planning; and the implementation of social policies are also matched with the evaluation of the October 1995 report. The following are the changes, or the different results, compared to the estimations outlined in the October 1995 government report:

Regarding the External Relation Economy:

1. The total import-export value is higher than the estimated level. Export volume reached \$5.3 billion, which was \$600 million higher than the estimation of the October 1995 report. The export of light industrial, agricultural, and aquacultural products was higher than

the estimation in total volume and in the international price of some products.

The import volume was estimated at \$6.5 billion, but the actual figure was \$7.5 billion, an increase of \$1 billion, which included an increase of \$650 million for the import of machinery and equipment, and an increase of \$350 million for the import of raw materials. Over the past years the trade deficit has been increasing, but its increase was not due to the import of more consumer products. The percentage of import of consumer products was 12 percent in 1995, while the percentage in 1993 and 1994 was between 15-16 percent. The trade deficit is mainly due to the import of equipment, materials, and technologies from foreign direct investment and the increasing funding of the Official Development Assistance.

Foreign trade has a deficit, but the import structure is mainly to serve the national investment and economic development. This corresponds with the first stage of our industrialization and modernization plan. The investment direction and efficiency must lead to a quick increase of export capacity to limit the trade deficit and to repay foreign loans. Despite the high trade deficit in 1995, we managed to cover all of our payments, therefore our international trade balance still had \$500 million in excess, which could supplement the foreign currency regulation and reservation fund.

2. According to the total figures of 1995, direct foreign investment is higher than the estimation. Compared with 1994, foreign investment increased 85.4 percent in registered capital, and 33.3 percent in invested capital. More foreign invested enterprises have engaged more manual labor and generated more jobs in various sectors. They have helped to increase \$350 million in total export volume, and this figure does not include the oil and natural gas joint ventures.

The use of the Official Development Assistance improved over previous years. Until late 1995, we signed programs and projects to use \$4.6 billion; this figure came from the \$6.1 billion reserved for us by financial donors from the last three conferences in Paris. So far, we have used \$1.7 billion from this assistance.

Generally speaking, foreign invested capital starts to actively contribute to economic development. The percentage of the actual invested figure from foreign capital, however, is still low; therefore, there is great potential to exploit this resource for the economic development in the upcoming period.

Regarding the State Budget:

In the last four months of 1995, the government intensified its guidance over budget collection and

expenditure. This led to an average monthly increase of over 4 percent, compared to the first eight months. The implementation of budget collection and expenditure for the whole year is lower than the estimate outlined in the October 1995 planning.

The total collection increased 21.9 percent over 1994. This figure only reaches 91.3 percent of the planning approved by the National Assembly. The October 1995 report estimated that the budget collection would reach 96.4 percent. The total budget planning only reached 95.4 percent, although 98.2 percent had been budgeted.

Budget overspending in 1995 was 4.3 percent of the gross domestic product, an increase of 25.5 percent of the number approved by the National Assembly. The poor performance of the budget collection work was partly due to the inadequate planning on budget collection.

In the total under-collection plan, not the collection plan, import tax under-collection took 75 percent, mainly due to import limitation of consumer goods, and [words indistinct] was lower than planned. The under-collection of fees on transfer of land use right took 13 percent, due to confusion in implementing the land regulations. On the other hand, the situation of tax loss is still serious, including losses in state businesses and other economic sectors.

Due to low state revenue collection, only primary spending was secured while development investment spending remained at a low level. It is noteworthy that actual allocations for capital construction only equalled to [words indistinct] percent of the plan, of which the actual payments to completed construction work only amounted to 77.7 percent, leaving a debt of over 1,800 billion dong. Budget allocations for investment was low, thus hindering the pace of construction work and causing serious waste and losses due to the unfinished projects. The situation does not only cause a strain to the 1996 budget but also affects development in the long run.

Stemming from its experience in guiding the collection increase and spending regulation drives during the last months of 1995, the government has worked out orientations and measures to regulate budgetary work in 1996 in accordance with the revenue-expenditure plan approved by the National Assembly. The situation of the tense and inactive budget, however, is still a grave one that requires strong measures and efforts on the part of all sectors and all echelons for the implementation of 1996 budget plans.

Regarding Inflation Control:

The government's October report pointed out that by September 1995, the consumer price index increased by 12.2 percent compared to that of the last month of 1994. In the first six months of the year alone, the increase was 11.4 percent — the highest since 1993. Apart from the objective reasons, there were also shortcomings in terms of management, particularly the negligence leading to the cement and food price crises, which could have been avoided. The government reviewed its actions seriously, and launched vigorous measures to control inflation late last year and to prevent the price turmoil, which usually comes before Tet. Thanks to these efforts, consumer price rise index in the last six months of 1995 was maintained at 1.2 percent, and in the fourth quarter only the increase was under 0.5 percent. For the whole year the increase was 12.7 percent, which is lower than that of 1994.

From the experience of actual price fluctuations in past several quarters and measures to control the crises in 1995, the government has worked out uniform measures to control inflation in 1996, starting as early as the first months. Despite the figures of certain targets coming out differently from the estimates from the October report, the conclusion of the report on the implementation of 1995 plans, achievements as well as shortcomings, was still correct. Only on budget collection and allocations for capital construction, the actual results are lower than respective estimates in the October report, leaving behind some difficulties, which will need further effort to rectify.

II. Some Salient Features of Socioeconomic Situation in the First Two Months of 1996:

1. Production continues to develop: In agriculture, despite unfavorable weather in some areas, the winter-spring planting season was completed fairly well and on schedule in all areas. The outcomes were higher than those of same period last year, in all products of rice, vegetables, beans, and industrial plants. Industrial production and construction sector have basically overcome the goofing-off attitude, which was usual in early months of the year. Industrial output in the past two months increased by 13.5 percent as compared with the same period last year. Other important commodities such as electricity, coal, crude oil, steel, cement, and other special consumer goods for Tet all scored good development. In the first one and a half months of the year, 26 foreign direct investment projects with registered capital of \$582 million were licensed, including some major projects in production of small motor, power plant, cement, and textile.

2. Market and prices were more stable than previous years: Goods for Tet this year were abundant and re-

sponded well to the diversified demands of people from all strata and localities. The government has directed timely preparation for the goods flow for Tet, eased regulations on transportation of foods and grains for cities and towns, and highlighted the leading role of state businesses in distribution of several essential commodities. Service provisions, especially in passenger transport and other healthy cultural and entertainment services were better organized.

These preparations work closely with the measures to restrain inflation that were initiated in the later months of last year and consolidated in early months of this year. The government's directive and call for frugal spending during Tet was met with positive responses by agencies, businesses, and the people. All localities paid close attention to the care for needy families and brought Tet enjoyment to all families and households.

General effects of these combined factors made for an encouraging atmosphere during Tet, with fine impressions on everybody's satisfaction, not only on abundant goods flow, convenient transport service, and stable prices, but also on new indications of national characteristics in healthy cultural activities, and improvements in public security and order.

Although the buying power of the people was not strong during the Tet holidays, we were able to keep prices more stable than they had been in preceding years, and to ensure the supply of commodities met post-Tet requirements. The consumer price index increased 0.9 percent in January 1996. According to initial statistics, the consumer price index inched up 2.5 percent in February. Generally, the rate of price increase over the first two months of this year was less than half of what it was for the same period of 1995, and was the lowest it has been for the past 10 years. What is important is that this certifies our capability to extricate ourselves from a situation that has repeated itself every year in the patterns of vigorous changes in prices during the Tet New Year days. It has also created prospects for keeping the inflation rate in 1996 lower than in the previous year. To translate these capability and prospects into reality, it is necessary to further increase our macro management ability, uphold the responsibility of various state organs in monitoring, and promptly deal with changes in the market and prevent the recurrence of price crises due to subjectiveness.

3. Revenue collection for the state budget used to be at a very low level for the first few months of the year. This year a new phenomena was noted, that is, budget collection in January and February increased 28.9 percent over the same period last year. This is even higher than the projected 1996 budget collection

increase rate as the National Assembly envisaged only a 22.7 percent increase as compared with the actual collection figures of the previous year [words indistinct]. Though these are positive changes, we will have to continue to bring our new-year improvements into more vigorous play throughout the year.

4. Public order and security have continued to be strengthened and expanded. We are striving to maintain discipline and order in the enforcement of various government decisions concerning the reestablishment of the traffic patterns, traffic safety along roads in various cities, the ban on the manufacture, transportation, trading, and use of firecrackers, the punishment of those violations of the law on river dike protection. We have also launched a movement to restore and ameliorate cultural activities, and dispel social evils. The people have sympathized with, and supported these policies enthusiastically. Various sectors, echelons, and mass organizations have achieved close cooperation under the government's close guidance and control. The ban on firecrackers has been strictly enforced. The traffic order changes and the illegal occupation of road shoulders ban has been restored and maintained. The number of deaths from road accidents in the first few months of this year was down by half over last year. Harmful and unlawful cultural activities have been strictly controlled and punished. These results are only initial ones, but they are of paramount importance. They show the people's aspirations and the state's capabilities and efficiency in building a society that can live and work under the law within a wholesome cultural environment.

What has been done, however, is still very small compared to what we still have to do. We must turn obligatory activities into daily habits, stop unlawful actions by halting the problems at the root, eliminate unwholesome phenomena, and build and develop a diverse cultural and spiritual life; this process is not a quick and easy job. It requires the persistent effort of every family, society, and every effort of the state, and the people. The people's hearts are still painful because many unfair cases have not been brought to trial, these include: the practice of corruption and amassing wealth illegitimately, the ills of gambling, heroine smoking, prostitution, and the scourge of thugs disturbing public order and security, and the state of uncleanness, bureaucracy, and officialism, and certain cadres bullying the people. Prominent features over the past two months and during the Tet holidays marked improved changes in production, communications and prices. These initially helped overcome the sluggishness and instability that have repeated for many years during the early months of the year. The period ahead is still fraught with difficulties. Yet, in its initial steps, our

new strategy has been able to create a momentum and experience for the implementation of the 1996 tasks.

SRV: Phan Van Khai Addresses Assembly, Part 2

BK0403150296 Hanoi Voice of Vietnam Network
in Vietnamese 1100 GMT 3 Mar 96

[Second installment of excerpt of government supplementary report presented by Deputy Prime Minister Phan Van Khai at the opening session of the Ninth Session of the Ninth National Assembly in Hanoi on 2 March — read by announcer]

[FBIS Translated Text] The momentous progress recorded in the past needs to be further maintained and developed in the implementation of the National Assembly resolution on tasks of 1996, which is a year with important significance to the renovation undertaking and national development on the path of industrialization and modernization. The organization of party congresses at various levels and the Eighth National Party Congress will take away time and energy of leading agencies. All agencies, however, should strive not to neglect their usual activities, and should even try harder to fulfill them. We should strive to fulfill or exceed targets allocated for the first six months of the year, considering them to be contributions to the success of the party congress. To fulfill this duty is to practically develop the significance of the party congress in daily life, heighten the leadership role of the party, and strengthen the people's trust and association with the party.

The major motives for the implementation of 1996 tasks will be the continuation of extensive renovation and the consistence on socialist path. The core duties for the time being are uniform and combined implementations of economic and administration reforms, resolute liberation of production forces, establishment and development of elements that ensure dynamic, healthy, and orderly operation of the market economy under the effective management of the state.

With these considerations, the government has worked out an operation program that provides guidance for the implementation of the National Assembly resolution for the year 1996. The report of the Ministry of Planning and Investment, which was endorsed by the government, has presented a clear illustration of the major balances of the economy, as well as concrete orientations and measures to fulfill 1996 tasks. I will not repeat the entire report, but rather will stress major issues that I urge the National Assembly to discuss and give opinion so that we will reach highest consensus before actual implementation.

1. Efforts to implement the revenue-expenditure budgetary plan approved by the National Assembly are essential duties of administrations at all levels:

— Budgetary revenue: As the actual revenue collection in 1995 was lower than the estimates submitted before the National Assembly, the plan of revenue collection for 1996 is higher than that of last year. It is not at 16.2 percent as at the time of the report, but is actually 22.7 percent. Some localities consider these revenue targets too high, but reality shows that there is ample potential for sources that localities can mobilize to fulfill the targets.

While inspecting 497 state businesses, the Revenue General Department confirmed an unpaid 1995 tax debt of up to 746 billion dong, and a hidden tax-avoiding sum of 125 billion dong. Similar inspection of 278 private businesses also uncovered a tax debt of 15 billion and a tax-avoiding sum of 13.1 billion dong. Investigation of 65 businesses with foreign-invested capital revealed a tax debt of 107.9 billion, and a tax-avoiding sum of 49.5 billion. Tax registrations still overlook many small businesses, and false income declaration is still popular. On the occasion of the campaign to check cultural service establishments, over 40 percent of these business units were found to be unlicensed and not paying taxes.

The evasion of import-export taxes still continues at a serious level. This does not include the tax evasion of many undeclared and highly profitable businesses, such as land and housing trading. The most important measures in carrying out the tax collection planning are the determination to collect tax in accordance with the law, the fight against loss in tax collection, and concentration on areas with great collection potential and less tax loss with the close coordination among various responsible organs, local authorities at all levels, mass organizations, and associations.

It is necessary to supplement policies and measures to encourage production, meet supply demand, and create more collection resources for the state budget. We will accelerate the process to reform the taxation system, correct unreasonable hindrances that slow economic development, make production and business activities more healthy, and encourage the fulfillment of state and social obligations. The government will urgently provide guidance for these works. The government will deal immediately with issues under its power and actively prepare issues that need to be presented to the National Assembly Standing Committee or the National Assembly for approval.

At first, the government will adjust certain tax rates — such as the tax rates for foreign invested enterprises and local enterprises — to encourage domestic pro-

duction and ensure equal and healthy competition in the market-oriented economy. The government will also supplement and revise policies on land use to prevent the underground market of land trading. In reality, this market runs outside government control without paying state taxes. This will supplement an important collection resource for the state budget. At the same time, it will create the necessary conditions to construct business and production establishments and for the collateral in credit or investment.

The policy to sell off government housing needs many appropriate forms so that the current tenants can purchase the house in which they are currently living in. The National Assembly Standing Committee has worked with the government to organize research and surveys to correct legal documents on this issue.

The government will adjust the price of some products, such as the price of electricity, gasoline, diesel, and cement. The price of these products does not conform to the supply and demand relations in the market. It also does not meet requirements on reproduction and development of all professions and sections, nor does it correspond to the price in the international market. The government has outlined plans to deal with this step-by-step without causing huge changes in the price index. At the same time, it will distinguish all types of consumers so as to not poorly affect the income of the wage earners and social welfare recipients.

The government will consider increasing the number of imports of consumer products within 20 percent of the total export value. It is predicted that the import of consumer products in 1996 will only account for 16.7 percent of the total export value, and 11.7 percent of the total import value. Imported consumer products are those whose demand cannot be met solely by locally produced items; these include luxury products with high tax rates to meet the public demand. This measure is to compensate for the shortage of goods, balance the amount of money and goods in society, control the inflation rate, and at the same time, indirectly adjust income distribution via tax rates and increase budget collection revenue.

The increasing import of the consumer products will not cause the trade deficit in our international payment balance. On the other hand, it will help to accelerate the use of foreign currencies and to stabilize the currency exchange rates at the reasonable level when the foreign currency resource continues to flow into our country.

The aforementioned policies need to be decided early so that they can resolve the difficulties of the balance of the 1996 budget.

SRV: Phan Van Khai Addresses Assembly, Last Part

BK0503072496 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 3 Mar 96

[Final installment of excerpt of government supplementary report presented by Deputy Prime Minister Phan Van Khai at the opening of the ninth session of the Ninth National Assembly in Hanoi on 2 March — read by announcer]

[FBIS Translated Text] 2. To carry on inflation control remains a urgent task for 1996. Realities of our country's macro-management over the past years and the experiences drawn from the high and sustainable economic growth of many regional countries indicate that it is possible to control price hikes while at the same time accelerating development investment to achieve a high growth rate. Though inflation control does not share many points in common with growth, basically it does not rule out the need for growth. Rather, it creates very important conditions for reducing risks and for stimulating savings and investment, thereby guaranteeing sustainable socioeconomic development.

The results of inflation control in the first two months of this year have created very favorable conditions for reducing the price index to a lower level than in 1995. Nonetheless, it was not easy to achieve that goal. Rather, it required effort to closely monitor the situation and adopt timely measures against factors that might lead to unexpected price hikes. In working out its inflation control measures, the government has focused on major solutions as follows:

First, it is necessary to work out a finance-money solution to closely control budget collection and expenditure and keep the overspending rate below a permissible level through the application of the aforementioned policies and measures. Steps must be taken to improve management skills, control and regulate cash and credit flow, and determine a rational increase in the total number of means of payment and of credit lines, keeping in mind the need for a sensitive survey and management through the use of appropriate instruments for the money market, thus meeting economic growth requirements while at the same time helping with inflation control.

It is necessary to adopt different forms of domestic capital mobilization, attract savings, and collect debt payments for loan granting purposes. Plans must be worked out to expand various forms of non-cash payment. Continued efforts are needed to improve the foreign currency management system in the direction of enhancement of the exchangeability of the Vietnamese currency and of a rational stabilization of foreign currency ex-

change rates. It is important to make use of and rotate the sources of foreign currency flow to balance money and goods and create conditions for the implementation of a system under which domestic business establishments only hold Vietnamese currency accounts.

Second, it is important to work out a solution to encourage growth and production, manage import and export activities in a rational manner, and stimulate goods circulation to guarantee an overall balance between money and goods and regulate the supply of and demand for important products capable of exerting a great impact on the general price index like foodgrains and foodstuffs and a number of essential materials, thereby preventing the occurrence of price hikes that should not have been allowed to happen.

The government direction must be closely linked with the positive participation of business establishments, agencies, and the people, especially when it comes to fulfilling tax obligations, practicing thrift, and limiting overspending so as to have capital for development investment, the purchase of bonds and share certificates, and savings deposits. These are subjective factors contributing to the success of inflation control measures.

Besides, there are objective factors that may lead to unpredictable consequences. Therefore, it is necessary to closely monitor the situation and take timely countermeasures. These include unfavorable price fluctuations in the world market or unexpected natural disasters that cause serious losses to production and goods circulation.

3. It is necessary to exploit development investment potential and enhance its efficiency in society as a whole. The sources of state investment are very limited and focused mainly on socioeconomic infrastructure building, with careful selection of first priority projects that are capable of bringing about fast results. The move, however, has met but a very small number of requirements. In 1995, the planned state budget allocation for capital construction was low and reduced compared with that of 1993 and 1994. Nonetheless, based on the value currently in effect, the total investment capital in society as a whole has increased by 7 percent compared with the planned target and by 39.5 percent compared with the previous year. This achievement must be credited to the personal efforts of business establishments to increase investment by 2.5 percent. The volume of household investment has increased by 11 percent and direct foreign investment has increased by 51 percent. As mentioned above, the volume of investment from the 1996 state budget is even more limited. Therefore, there is a pressing need to mobilize capital from business establishments, the people, and foreign capital to support development investment. Great potential still abounds

here. These sources of capital have a direct impact on the growth rate, the pace of restructuring, and the efficiency of the economic system.

With regard to state business establishments, the party and state have worked out lines and policies to reorganize them into a number of big or relatively big corporations by forming share-holding companies, by improving organizational and managerial patterns, and by gradually doing away with the mechanism of sole and all-inclusive management and subsidization of administrative organs. At the same time, plans have been worked out to support development investment. Though a number of results have been achieved, the pace of implementation is slow and the general efficiency of this economic sector is low.

This year, we must carry out various essential tasks to pave the way for satisfactorily implementing state lines and policies.

First, we must grant state-run business enterprises with the autonomy to run and take responsibility for their activities as we do with the limited and share-holding enterprises, so as to allow them to develop and prosper in accordance with the market mechanism. With this measure, we will be able to concretely define the functional and managerial authority of state agencies over these enterprises. We should not maintain the obsolete, responsible organ system as in the past, but should allow these enterprises to create and seek their own capital for investment development. The state should not provide them with investment capital, but should provide credit or financial support allowing them to pay interest on the loans they receive from banks. The state should also allow these enterprises to seek loans from foreign countries with guarantee provided by state-run banks. State-run enterprises set up to serve the public must fulfill various social development programs and should be subjected to the control of an appropriate state management mechanism. They may receive capital from the state in various forms, including the allotment of capital or budget when warranted.

Second, efforts must be made to improve the financial status of state-run enterprises in a concise, truthful, and healthy fashion. It is necessary to accurately appraise the value of various assets, seriously apply the new accounting system, improve auditing work, and encourage debt settlement. Without these efforts, we may not be able to correctly assess the real conditions of enterprises in order to formulate appropriate measures to resolve their problems.

The aforementioned tasks are not easy. However, we must implement them as a matter of urgency in order to create a basis for improving managerial organiza-

tion, introducing the share-holding system, and helping state-run corporations and enterprises to operate in a healthy and effective fashion and to quickly apply new technologies so as to accelerate investment and development, thereby contributing to enhancing the dynamic role of the national economy.

Third, investment in the area of the family economy and private enterprises plays a very important role in developing agriculture and the rural economy and in expanding handicraft, small industry, trade, services, and local transportation, thereby creating more jobs for and increasing the income of the people. To further develop the potentials of this economic area, it is necessary to thoroughly understand and uniformly carry out the policy on developing the multisectoral economy and promoting the dynamism of the state economy. Efforts must be made to eliminate inconveniences caused by rules and regulations and socio-psychological influences. It is imperative for us to promptly carry out the following key tasks:

- Apply simple procedures for business registration. However, business establishments must abide by the law especially in paying taxes when due and in accepting the functional control of an authorized state agency.
- To dramatically ease the requirements and procedures in establishing enterprises.
- To lift unessential limitations on professions and occupations.
- To review the classification of business projects that have unrealistic capital in relation to their scales.
- To uniformly apply procedures to granting licenses and registering business establishments.
- To control and urge all production and business establishments to register and operate their business in accordance with the law.
- To promptly overcome all obstacles in concretizing and implementing the law on domestic investment promotion.
- To promulgate regulations on the setting up and use of funds for investment development.
- To rationally resolve issues related to land use rights.
- To supplement and amend various policies and measures to help enterprises and households overcome their shortcomings, lack of capital, and deficiencies in applying new technologies.
- To develop various economic cooperation forms between households and small business establishments

in accordance with the law on cooperatives after it is approved and promulgated by the National Assembly.

— To encourage various forms of joint ventures between big enterprises and medium- and small-size establishments on the basis of supporting each other for mutual interests.

Fourth, concerning direct foreign investment, we must, on the one hand, continue to improve the investment environment, make proposals to the National Assembly to amend the Law on Foreign Investment, and promptly improve administrative procedures to attract new investment sources in various forms and to various essential areas. On the other hand, we must pay attention to overcoming obstacles and strengthening state assistance and control, especially in using land and leveling areas to promptly carry out licensed foreign investment projects.

To date, the unused registered capital of the already licensed foreign investment projects is about \$13 billion. This capital should be used and promptly developed within five years. We must continue to seek more foreign official development aid and quickly utilize the already attained foreign capital and loans obtained for a number of selected investment projects. Efforts must be made to bolster the preparations for various projects, to promptly carry out approved projects in accordance with the schedules, to improve coordination in management work, and to ensure effective use of capital.

Fifth, to develop the capital market in order to encourage savings and investment: To expand the establishment of markets for bonds, credit notes, and treasury bonds and increase their issuance. To develop insurance funds, and middle- and long-term deposits. To review experience from pilot projects so as to build up regulations for the equitization of state enterprises and for the establishment of share-holding companies that issue stocks. And to speed up the preparation of a legal framework and personnel training for the establishment of the stock exchange market.

Sixth, experience of the realities of the drive to bring industrialization and modernization strategies to daily life shows the importance of the planning task in effective investment and development, as planning helps to avoid the deteriorating consequences of disorderly and illogical construction as well as any destructive effects on the environment. In the new development stage, planning must be considered the most essential content of the state management function at all levels. The planning process requires a highly scientific approach, a broad view, and constant effort. The planning work of sectors as well as of localities, municipalities, and industrial zones, including economic processing zones and hi-tech zones, should be encouraged and its quality

should be constantly heightened. Development plans for large cities should envisage the establishment of satellite industrial areas, ban the allocation of new enterprises within inner cities, and relocate pollution-creating enterprises to outlying suburbs. They should also include options for residential areas, cultural centers, entertainment quarters, green areas, as well as provisions for the preservation of the environment and historic and cultural sites and the limitation of the number of high-rise buildings in densely populated spots, which strain the overworked infrastructure and public service facilities and worsen environmental pollution. Planning for rural residential areas should combine the two ideas of living harmoniously with nature and the improvement of the infrastructure so as to enhance the lives of the residents and shorten the gap between facilities and services compared with those enjoyed in the municipalities.

The government will direct ministries to review the planning task in the past and work out measures to improve the quality of the planning task, and to speed up training for planning personnel.

4. Cultural and social structures to be renovated so as to create new changes:

The 1996 plan pointed out that the guiding idea is the harmony between economic development and the implementation of social equity and progress. Cultural development and solutions for social and human development issues must be considered core elements for long lasting development. This guiding idea has been manifested in the policies on the direction for development, the investment allocation plan, budget allocation, and the implementation of socialization measures, for which the state and the people cooperate in selected areas. In the cultural and social aspects, however, there are still many urgent issues that need to be resolved. Measures carried out so far, particularly in budget allocation, are still not enough to satisfy demands. Realities require that there must be a new structure that utilizes budget allocation more efficiently, and carries out the socialization program in broader and more diversifying ways so as to create new changes for the better in these aspects.

The current structure of budget allocation to the education and public health sectors is inadequate primarily in terms of remuneration for teachers and physicians; it is also inadequate in terms of providing universal and equal subsidies to everyone who goes to school or who goes to hospital for medical examination or treatment, regardless of the income diversification in our society, which has become quite obvious. In reality, families with children at school have to pay many extra sums in addition to school fees, mostly for unreasonable extra tutoring, which counters all pedagogic principles. Pa-

tients in hospitals are paying, unofficially and unopenly, more than what is required by regulations, usually many times more. The situation is the birthplace of negative actions that spoil the teacher-pupil relationship and medical ethical values while widening the inequality gap, as well-off people still receive subsidies while poor people can hardly catch up with all the payments.

These realities require and open opportunities for new structural changes so that adequate funds for education and public health are ensured by proper and open collection of fees and the focusing of state subsidies on priority objectives and essential targets, such as construction of the infrastructure in education and public health, compulsory primary education, hygienic and preventive health programs, investment for mountain regions of minority ethnic people or remote rural areas, assistance to poor families and recipients of social entitlements to help them go to school or seek medical treatment, development of special talents, and so forth.

With these measures, contributions made by the wealthy will serve as a way of improving the lot of the poor. Teachers and physicians will be paid properly; the better their professional skills, the higher the wages they will receive. Semi-public schools and public health establishments will charge according to their actual services and hospitals will treat patients without discrimination. Efforts must be made to formulate forms and measures to renovate and revamp the current system in accordance with the aforementioned orientations.

5. As to the effective implementation of the administration reform program, last year saw some initial achievements in administration reform. A number of new regulations were promulgated, orders and disciplines were strictly observed by various sectors, administrative apparatuses were reorganized, and training and fostering programs for cadres and civil servants were expanded. Nevertheless, generally speaking, administration reform has been carried out slowly. Obvious changes have not been made, especially in areas directly involving the people and business enterprises. Reality shows that administration reform is a pressing task and a decisive factor for the renovation undertaking and for socioeconomic development.

This year, we must strive to maintain and develop the achievements attained while satisfactorily carrying out the new tasks. Efforts must be made to combine the administration reform with economic reform in formulating various policies and measures. We must strive to effect vigorous changes in the campaign to eliminate corruption, bureaucratism, and authoritarianism, especially in the state machinery, in building the new lifestyle, and in carrying out the daily work. To achieve this goal

we must integrate efforts to carry out the following key tasks:

- To satisfactorily carry out the law building program set by the National Assembly.
- To improve and strengthen legislative work, set up a system to collect ideas from various sectors to amend and revise regulations before promulgation, quickly review the implementation of the promulgated regulations, and formulate procedures in promulgating laws and regulations.
- Continue to revise administrative procedures, especially procedures related to land and housing in urban areas, the establishment of enterprises, business registration, the notarization system, and settlement of the people's complaints and denunciations.
- To improve the financial and banking system and perfect and promulgate regulations on registration and paying fees.
- To formulate and make public various guidances on administrative procedures to help the people understand and implement them correctly. Efforts must be made to review the implementation of this task at various state agencies.
- To satisfactorily create conditions for the establishment of administrative courts by mid-1996.
- To maintain and develop results of the movement to ensure social order and safety in a number of areas and expand this movement to other areas.
- Continue to enhance the state management function in each sector and area and define the authority, responsibility, and coordination vis-a-vis sectors and echelons to satisfactorily promote this function, especially in areas with numerous obstacles. Efforts must be made to study the organization models of various ministries and general departments at the central level, people's committees in provinces and cities, and other administrative offices. Efforts must also be made to review the organization and activities of the administration in cities, towns, districts, and wards.
- To reorganize offices of various administrative agencies to serve the one-door policy in relations with the people; strive to modernize these offices by introducing the use of computers in administrative management; and promote the use of electric calculators and other facilities.
- To promulgate regulations on civil servants and work procedures for administrative personnel; improve the recruitment system and review the development of newly recruited personnel; step by step improve the classification of positions; and strengthen and improve training programs for civil servants in accordance with their position and background.

Australia

Australia: Prime Minister-Elect on 'Vision' for Government

BK0403041596 Sydney THE SYDNEY MORNING HERALD in English 4 Mar 96

[Article by Prime Minister-Elect John Howard: "My Vision for Australia"]

[FBIS Transcribed Text] The sheer size of the Liberal and National parties' win last Saturday reflects an emphatic mandate to implement the program on which we were elected.

The hallmark of the new Government will be a commitment to tackling real national problems and setting clear benchmarks against which its performance can be judged in three years' time. It will be a Government dedicated to creating a more secure high-growth economic environment to tackle unemployment, boosting incomes and productivity and restoring a sense of trust between the electors and the elected and enhancing choice, responsibility and equality of opportunity for all Australians.

The new Government will address the real needs of the great mainstream of Australian society. It will put the concerns of Australian families at the centre of policy-making and, in particular, will reduce the financial pressures on families with dependent children. It will give families a greater choice in how they balance work and family responsibilities.

The needs of small business will no longer be overlooked or treated as a footnote of general economic policy. We will give greater encouragement for smaller businesses to be established, to succeed and to grow.

Revitalising small business is the key to creating real job opportunities, particularly for young Australians.

The new Coalition Government will move immediately to tackle Australia's unacceptably high rate of youth unemployment. Our progress in reducing youth unemployment and providing real and meaningful job opportunities for young Australians will be one of the tests against which we will be judged at the next election.

Economic mismanagement has resulted in a youth unemployment rate of 27 per cent and almost 60,000 young people have been unemployed for 12 months or more. There are over 350,000 Australians aged under 25 who are unemployed and who account for some 40 per cent of the total number of Australians out of work.

The consequences are devastating for young people and for a strong society. We see the effects in increased poverty, family breakdown, poorer health levels and increased crime. The Coalition will implement

a multi-pronged approach to reducing youth unemployment and maximising employment opportunities for all Australians. First, we will create more real jobs, not training positions but genuine long-term jobs.

Since the recession of the early 1990s only around 30,000 full-time jobs have been created in Australia. We must do better.

Our macro-economic policy reforms will raise national savings and maintain low inflation. This will be complemented by a comprehensive program of structural reform to boost the supply side of the economy. The result will be a higher sustainable rate of economic growth. We will be able to grow faster without igniting inflation or blowing out the current account deficit.

Our micro-economic reforms will revitalise Australia's ports, road, rail and aviation systems and telecommunications. The key is greater competition to encourage service providers to meet customer needs and achieve world competitive costs.

Reform of the industrial relations system is central to the micro-economic reform agenda. We will encourage employers and employees to strike workplace agreements which boost productivity in the workplace, encourage more flexible working arrangements and result in higher wages and increased opportunities for employers to take on new staff.

We will replace the existing anti-jobs unfair dismissals law with measures which provide a fair go all round. They will provide appropriate protection for employees, while encouraging employers to take on new staff.

These measures will be of particular benefit to the small business sector. Australia's 860,000 small businesses have an enormous capacity to reduce unemployment queues but Labor's tax, industrial relations and economic policies have discouraged the expansion of the small business sector.

Our Small Business Action Plan will get government off the back of small business by reforming the capital gains and fringe benefits taxes, reducing the provisional tax uplift factor and establishing a Small Business Deregulation Task Force which will report in six months on measures to reduce the paperwork and compliance cost burden on small businesses by 50 per cent in our first term.

We will convene a National Small Business Summit in our first 100 days in office to develop a co-ordinated approach to meeting the needs of small business by all tiers of government.

The Liberal and National Parties recognise that in addition to providing economic management necessary

to accelerate job creation, the Federal Government must also provide direct support for the young unemployed to assist in finding work and in gaining appropriate education and training.

The new Government will improve labour market programs assisting the young unemployed by putting greater emphasis on the importance of on-the-job training opportunities for young people which will be funded from a redirection of existing employment and training resources not currently allocated to youth programs ensuring that through early intervention young people are not forced to become long-term unemployed before becoming eligible for active assistance and increasing the flexibility of programs to ensure that they can better meet the individual needs of young unemployed people.

The centrepiece of government assistance will be the establishment of the Modern Apprenticeship and Traineeship System (MAATS). Apprenticeships are recognised as providing a genuine career path for young people from the education system into the world of work. We must make the school-to-work transition as seamless as possible.

Tragically, apprenticeship and traineeship numbers are at their lowest as a proportion of the workforce for three decades. Currently there are 135,000 apprenticeships and traineeships which is 1.48 per cent of the labour force. This compares with 2.18 per cent of the labour force in 1975/76. If the 1975/76 ratio had been maintained, there would be an extra 61,000 apprenticeships today.

Apprenticeship and traineeship targets set by Labor under Working Nation have consistently not been met because of boom-bust economic policies, complex training arrangements driven by the ACTU's [Australian Council of Trade Unions] industrial relations agenda and the restriction of places to traditional male-dominated industries.

The community will be directly involved in the process of job creation through Regional Community Employment Councils which, among other things, will be responsible for developing specific regional employment strategies for regions of high youth unemployment.

Australia: Fischer 'Looking Forward' To Taking Over Power

*BR0303093896 Melbourne Radio Australia
in English 0600 GMT 3 Mar 96*

[FBIS Transcribed Text] The deputy prime minister-elect, Tim Fischer, says the Coalition is looking forward to taking over power and getting on with the job.

[Begin Fischer recording] I have already spoken with the deputy prime minister of New Zealand who's currently going through and also to number of my colleagues. It feels great because it (introduces) the work of a lot of people who, especially, after the 1993 election could have thrown in the towel, but indeed we all helped pick up the pieces, and the result is there in a fantastic election win; full credit to John Howard and his leadership, and it is now a case of getting on with the job. [end recording]

Cook Islands

Cook Islands: Prime Minister's 'Early Retirement' Urged

*BR0503011696 Hong Kong AFP in English
0053 GMT 5 Mar 96*

[FBIS Transcribed Text] Auckland, March 5 (AFP) — Cook Islands' Prime Minister Sir Geoffrey Henry is trying to fend off attempts to oust him from power amid charges of profligate government spending and suspicions of dubious off-shore banking operations.

Last week, after the Cooks defaulted on some of its debt and the Asian Development Bank demanded substantial public service restructuring, Henry cut government pay packets by 15 percent.

Now 11 of 20 ruling Cook Islands Party members in the 25-seat parliament have signed a resolution calling on Henry to take "early retirement".

"I am disappointed with Henry's attitude," said Works Minister Tom Marsters. "He couldn't put his priorities right."

New Zealand Foreign Minister Don McKinnon on Friday said only a dose of "tough love" and no aid would help the Cooks, home to 18,500 people on 15 atolls and islands.

"We've tried other ways of convincing the Cook Islands government to put its house in order but, sadly, there is only evidence of continued profligate spending," said McKinnon.

Henry, 55, who became prime minister in 1989, charged last year that the US Central Intelligence Agency was masterminding a plot to overthrow him.

A New Zealand commission of inquiry chaired by a former chief justice is examining the operation of a Cook Islands off-shore banking operation that is sending publicity-shy investors fleeing, including some leading New Zealand, Australian, Japanese and Hong Kong companies.

Yet another twist in the political drama arose last week with the revelation that Cooks auditor Richard McDonald had been found dead in unexplained circumstances in Queensland.

McDonald had gone into exile last year after giving evidence to the New Zealand inquiry, despite threats of immediate arrest should he return to the Cook Islands.

An official verdict on his death has yet to be released.

To add to the Cooks Islands financial woes, tourism has recently suffered a 15 percent drop in revenue, which has been linked to French nuclear testing at Mururoa, east of the Cooks.

Most Cook Islanders, who live on a combined land area half the size of Singapore spread over an ocean larger in size than India, earn a subsistence living from farming or fishing. Many rely on money sent from family members in New Zealand.

New Caledonia

New Caledonia Protestors Demand Jobs for Locals

*BK2402102796 Hong Kong AFP in English
0302 GMT 24 Feb 96*

[FBIS Transcribed Text] NOUME, Feb 24 (AFP) — Several hundred people led by New Caledonian organisations demanding independence from France held a protest here Saturday to demand priority for local people in employment.

Protestors numbering up to 3,000 according to organisers and 1,200 as per police estimates, carried banners calling for an end to immigration or expatriate labour.

They were addressed by Marie-Claude Tjibaou, widow of pro-independence leader Jean-Marie Tjibaou.

The demand for priority to locals in jobs has gained ground over the past two years as an increasing number of young Caledonians graduating have had to compete with young people from metropolitan France who have come to seek their fortune here, taking advantage of a fall in the price of air tickets.

New Zealand

New Zealand: Jim Bolger on Desire of Australian Voters

*BK0303093596 Melbourne Radio Australia
in English 0600 GMT 3 Mar 96*

[FBIS Transcribed Text] The New Zealand prime minister, Jim Bolger, says the election result shows Australian

voters are keen on the New Zealand model of economic reform. Mr. Bolger says the ruling Labor Government had tried to frighten voters during the campaign by evoking New Zealand's deregulation labor reform and trimming back of the welfare state. He says it is very clear the Australian voters like what has happened in New Zealand. Mr. Bolger says New Zealand needs to be close to Australia in trade and security terms and he expects to visit the country in the next few weeks to meet Mr. Howard. The New Zealand leader says a strong Australia is good for his country because it will provide a bigger market and a wealthier market for New Zealand to export into.

Vanuatu

Vanuatu: Supreme Court Upholds Prime Minister's Election

*BK0103100596 Hong Kong AFP in English
0922 GMT 1 Mar 96*

[FBIS Transcribed Text] Port Vila, Mar 1 (AFP) — Vanuatu's Supreme Court on Friday upheld the election of Maxime Carlot as prime minister of this Pacific island nation's parliament last week.

Chief Justice Vaudin d'Imecourt dismissed requests from former prime minister Serge Vohor, his deputy Walter Lini and Lini's sister Hazel that Carlot's election on February 23 be declared null and void.

Vohor was elected prime minister on December 21 after a general election with Lini as his deputy. But Vohor resigned on February 8 to avoid a motion of no confidence.

Later Vohor said he was revoking his resignation.

D'Imecourt said that Vohor's resignation had been read out and endorsed in parliament on February 12, and that it had later been gazetted.

"There was no breach of the constitution or infringements to anyone's rights," D'Imecourt said.

Roger de Robillard, lawyer for Vohor and Lini, told AFP he intended to appeal the decision in Vanuatu's court of appeal.

Hilda Lini is Vanuatu's sole woman MP.

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